

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper

Paris, Friday, May 26, 1995

No. 34,910



Joel Stransky, racing by Jason Little, kicked four penalties and a drop-goal and scored a try as South Africa upset defending champion, Australia, 27-18.

South Africans Win the Match - and the Day

By Ian Thomsen
International Herald Tribune

CAPE TOWN — Here was the summation of an emotional statement broadcast within the country and around the world: South Africa 27, Australia 18, in a game of rugby.

More than just any game, it was the opening match of the Rugby World Cup, the first global tournament to be held in South Africa, indeed the largest sporting event ever on the African continent. On Thursday it was even more than that.

The South African players were all white, as ever, but they were no longer in charge. That was the difference. They were preceded by a 45-minute celebration on the field, before the unblinking cameras, in which all the races of South Africa officially received 15 visiting

nations and were in turn introduced to the big but shrinking world; and at the same time the South Africans, hundreds of them, were turning to greet each other in a thumping swirl of dance. From the grandstands occupied largely by the white minority there would have been no telling one race from another were it not for the ceremonial costumes.

Even then, before the team of white South Africans could upset the defending champion, it had first to receive the permission of its president, the former prisoner who grew old on Robben Island, just a few miles offshore, awaiting this day. From there he used to stare out to the landmark of Table Mountain, and now he was standing before a microphone at the foot of it, here in Newlands Stadium, in a loose African shirt with a pea clipped to the breast pocket. He gave more than permission to the players. He gave them his blessing. He used to always hope, he had told the players the

day before, that visiting teams would beat the Springboks, as the national team is nicknamed. "But now our loyalties have completely changed," he had said. "We have adopted these young men as our boys."

Waiting in a room underneath the stadium the next day, Thursday, the players could hear the deep roar that came after President Mandela said, "South Africa opens its arms and its heart to embrace you all."

Only then did the players, coaches and others come out. They were making their first appearance in this tournament, which was founded in 1987 during South Africa's period of stubborn sporting isolation. They were the same old faces of white South African rugby, twirling now like nervous debutantes from a bygone time. But if that was all they were, more of the same, See CUP, Page 19

Peres Asserts Giving Up the Golan Would Bring Peace

By Clyde Haberman
New York Times Service

JERUSALEM — Foreign Minister Shimon Peres came close Thursday to saying that Israel will give up the entire Golan Heights as the price for a peace treaty with Syria, which he said would end war in the Middle East.

"One has to make a decision," he told fellow Labor Party members in Tel Aviv, a day after Syria and Israel agreed to principles of security arrangements for the Golan that broke a months-long logjam in peace talks.

Those negotiations were expected to resume in a few weeks in Washington.

"The price is the price that we also paid to Egypt," Mr. Peres said. "It does not have to be identical, but there are no illusions here. There is no Syria I know who is prepared to be less than an Egyptian."

At another point, he said: "To remain on the Golan Heights is to give up on peace."

And once Israel has come to terms with Syria, the foreign minister added, there would be "the basis for the end of war in the Middle East."

No one in his audience needed a reminder that for its 1979 peace treaty with Egypt, its first with an Arab country, Israel gave back the entire Sinai Peninsula, which, like the strategically vital Golan, it had captured in the 1967 Middle East War.

Even though Mr. Peres cautioned that the "price" did not have to be identical with Syria, the overall tone of his remarks suggested that there would be little alternative.

It was not the first time, however, that the foreign minister had suggested that Israel would relinquish the heights, where some 13,000 Jews have settled since 1967.

As on previous occasions, he stopped short of saying in plain, unequivocal language that every last foot of that territory would go back, as Syria demands, if the Syrians agreed to full diplomatic relations, open borders, trade and other Israeli conditions for peace.

More significantly, those words have yet to be uttered in public by Prime Minister Yitzhak Rabin, who has said he would give up much of the territory but not necessarily all of it.

On Thursday, the prime minister repeated his latest position that he wanted "a very limited withdrawal" at first, and would then test normalized relations with Syria for a "period of plus or minus three years" before going further.

Besides not wanting to tip his hand to the Syrians, Mr. Rabin has to keep domestic politics in mind, including a brewing rebellion by members of his Labor Party, who say that Israel cannot abandon the heights and keep its northern border secure.

A few dissidents have threatened to leave Labor and form their own party before national elections scheduled for next year, a move that would complicate the government's position.

See Golan, Page 10

NATO Jets Bomb Serbian Arms Depot Near Sarajevo

Clinton Issues Warning As American Warplanes Respond to UN's Call

By Roger Cohen
New York Times Service

ZAGREB, Croatia — Confronting the Bosnian Serb leadership more directly than ever before, NATO warplanes Thursday bombed an ammunition depot near the Serb political headquarters in Pale.

The NATO attack, in response to renewed Serbian use of heavy weapons around Sarajevo, was carried out mainly by American aircraft and was forcefully supported by President Bill Clinton, who warned the Serbs to stop shelling the Bosnian capital.

[Russia criticized the air strike, saying it would only complicate efforts to establish peace in the republic, news agencies reported.]

"One cannot seek a just solution to the Bosnian conflict by bombing the positions" of just one side, a report quoted a Foreign Ministry statement as saying.

The bombing of an arms depot adjacent to the self-styled capital of the Bosnian Serbs amounted to the strongest and most politically significant NATO strike since the Bosnian war began in April 1992. The target was jointly selected by NATO and United Nations commanders, senior NATO officials said.

Serbs ignored the message, storming three weapons-collecting points around Sarajevo and lobbing shells into the government-held city of Tuzla in northern Bosnia. Hospital officials in Tuzla said from 20 to 30 people had been killed, one of the largest tolls from a single shelling during the 3-year-old Bosnian war. The Associated Press reported from Pale.

[Reuters reported that Bosnian Serbs shelled five of six UN-designated "safe areas" in Bosnia over a two-hour period Thursday evening, daring NATO to retaliate with air strikes.]

At least 10 persons were killed in the UN-designated "safe area" of Tuzla when a shell struck an area crowded with cafes, Reuters said, quoting a cameraman on the scene.

A thick plume of smoke billowed from the Pale area about 14 kilometers (9 miles) southeast of Sarajevo after the attack. The North Atlantic Treaty Organization said six planes attacked two ammunition bunkers in a large military complex. All the aircraft returned to their bases.

A statement from the Bosnian Serbs said the Pale suburbs of Jaborinski Potok and Ravna Planina were bombed, but gave no further details. There were no immediate reports of casualties. NATO said the Serbian account was wrong and that a single location had been hit.

The United States has been pressing for a long time for the bombing of Serbian ammunition depots rather than targets of scant military significance, such as those selected by UN commanders and NATO in previous raids.

The attack Thursday, the first since last November, thus bore the hallmark of American planning and prompted a ringing chorus of support from Mr. Clinton.

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Senate Leader's Double Life: 'A Tough Balancing Act'

By Helen Dewar
Washington Post Service

WASHINGTON — In running for president while holding on to his job as Senate majority leader, Bob Dole has ventured far out on the high wire of American politics without a net.

He has reached out to conservatives, many of whom are deeply skeptical of his more pragmatic past, by pushing their agenda, including some of the most contentious provisions of the House Republicans' "Contract With America."

While he has not fallen, the Kansas Republican has stumbled over issues ranging from legal reforms and taxes to the nomination of Henry W. Foster Jr. to be surgeon general.

"It's a tough balancing act," said Senator James M. Jeffords, Republican of Vermont, who is a moderate. "I guess he feels he has to move to the right, but if he moves too far and none of the program gets through, he's in trouble."

Only Wednesday, bouncing from strategy sessions in his office to the Senate floor to a news conference and back to his of-

fice, Mr. Dole gave a vivid demonstration of the task he faces as he struggled to satisfy conservative tax-cut advocates without alienating the moderates he needs to pass a budget for next year.

On issue after issue, Mr. Dole has adopted the politically correct position for a candidate seeking the Republican nomination, espousing the cause of ideological conservatives.

He took the no-tax-increase pledge in New Hampshire, reversing a stand that contributed to his defeat in the presiden-

tial primary seven years ago and to his withdrawal as a candidate.

He promised the National Rifle Association that he would give high priority to legislation repealing the ban on assault weapons, a more conspicuous role than he usually plays on gun issues.

He called for re-examination of affirmative action laws and said he would eliminate minority quotas and set-asides, surprising some civil rights advocates who have often counted on his support.

He lashed out at the entertainment in-

See DOLE, Page 10

Grim U.S. Economic News Pounds Dollar

By Lawrence Malkin
International Herald Tribune

NEW YORK — Recession jitters hit the dollar and then the stock market Thursday as traders feared that the U.S. economy's widely advertised soft landing would turn into a hard one and push the Federal Reserve into cutting interest rates.

The dollar selloff began in Europe and was accentuated by a holiday closing on the Continent. It spread to New York, where it was made worse by fears of an escalating trade war with Japan and rumors — officially denied by the Mexican Finance Ministry — that Mexico would not have enough money to pay off more than \$6 billion in government bonds due this summer.

Then the dollar's weakness spread to the stock market, which fell in the wake of a

new round of weak economic statistics on employment and home sales. (Page 12)

The dollar fell 4.08 pfennig, to close at 1.3980 Deutsche marks. It fell to 84.80 yen, compared with 87.175 on Wednesday.

The drops reflected an unresolved debate over the immediate course of the U.S. economy: Is this slowdown simply a pause that refreshes the economy so it can resume growth at a lower and inflation-safe rate later this year? Or has the Federal Reserve, by doubling short-term interest rates over the last 16 months, overdone it and pushed the economy over a precipice?

The latest statistics are starting to cause some wavering between those who preferred the scenario of the pause to that of the precipice.

In its weekly report on new claims for unemployment compensation, the government said Thursday that the number of

jobless Americans increased by 13,000, to 380,000. It is not a frightening number, but the highest since last July and well above the 320,000 to 350,000 that had been the norm each week until this month.

The real estate market also turned surprisingly soft in April, which is usually a strong month and was expected to be especially good this year because the bond market had helped lower mortgage rates. Instead, sales of existing homes fell 6.4 percent last month, perhaps because buyers were waiting for even lower rates or because they were beginning to worry about their jobs.

The first explanation would imply that the economy is in a pause, the second that it may be heading over the edge. Whichever it is, said Sam Kahan of Fuji Securities,

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AGENDA

Murdoch and Berlusconi Hold Talks

ROME (Reuters) — Rupert Murdoch, the Australian media magnate who is considering making an offer for Silvio Berlusconi's Fininvest, had talks with the former Italian prime minister on Thursday, Fininvest sources said.

Mr. Murdoch, whose News Corp. is one of the world's largest media groups, has indicated that he might be interested in buying the television and advertising interests of Fininvest, but has said that no offer can be made until Italy votes on a series of referendums on ownership of television companies.

The key vote on June 11 will decide whether private companies should be limited to just one nationwide network. A "yes" vote could force Fininvest to sell two of its three national channels.

Rebels' Ferocity Stuns Manila

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For the Polluted Rhine, Currents of Progress Amid the Toxic Flow

By Marlies Simons
New York Times Service

MAASTRICHT, Netherlands — In the midst of all the damage created by the flooding of the Rhine early this year, the discovery of a lone, stranded salmon seemed an odd bit of good news. The appearance of the salmon, a fish choosy about water quality, seemed proof that the river was at last becoming cleaner.

But Dutch biologists quickly dispelled that illusion. They said the salmon probably got there as part of an experiment in planting young fish in tributaries of the Rhine. There was no evidence that mature salmon, which disappeared from the polluted Rhine some 40 years ago, were once again making their way upstream to a spawning ground there.

A new report suggests, though, that the Rhine may yet overcome its reputation as the great open sewer of

Western Europe. In the report, due in late May, experts from four nations say that strict pollution control laws and large-scale investments in wastewater treatment have restored some of the river's health.

Some 20 million people depend on the Rhine and its tributaries for drinking water. But along its 1,300 kilometers (800 miles), from the Swiss Alps to the Dutch coast, the river runs through one of Europe's most densely populated and industrialized areas.

The experts said that since the last report, in 1986, the amount of metals and pesticides in the Rhine has dropped significantly, and the water has more oxygen and a greater diversity of plants and animals, all healthy signs.

"There has been a good deal of progress in the last 10 years," said Maarten Gast, vice president of the Association of Rhine Water Suppliers, which is to

issue the report. "It's an example of what is possible. If we can improve this very large, very soiled river, then this can also be done next door in East Europe and Russia."

The report notes, however, that the Rhine's old problems may be replaced by new ones. It warns about new pollutants that may cause cancer or human genetic changes. Moreover, it says, the water quality is still far from the goal set in 1973: to be able to make the water drinkable using natural cleansing methods like sedimentation. Experts say far too many chemicals are still needed to clean the water.

"Just because there is an improvement and because we have the techniques to purify the water, it does not mean polluters now have a license to keep going," said Mr. Gast, who is in charge of the drinking water for 1.5 million people in the Amsterdam region. "The soiling has to stop. We worry about substances that

are hard to measure or for which the effects are not known."

Those include dioxins and chlorine compounds like PCBs that linger for years in the environment and get into the river through runoff or rain even if production has halted.

Wim Verhoeg, a biologist at the Clean Water Foundation in Amsterdam, said that while big industry has improved its practices, many diffuse sources of pollution remain that may be harder to tackle. He cited traffic as a source of heavy metals and soot, lead weights used by anglers, and farm runoff — pesticides, herbicides and nitrogen-enriched animal manure.

"The news is mixed," Mr. Verhoeg said, applauding improvements that have brought quantities of sea trout back to the Rhine. But others in Germany still have dangerous levels of toxins. And experts say the Rhine estuary has silt deposits that amount to toxic waste.

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Extremists in the Philippines/A New Generation

Islamic Rebels Stun Manila With Their Ferocity



Abu Sayyaf rebels raising their weapons at a jungle camp in the Philippines. Manila says the movement has grown from about 100 members in 1991 to 600 regulars today.

Keith B. Richburg
Washington Post Service

ZAMBOANGA, Philippines — When the Islamic scholar Zain Jali was giving fiery anti-government lectures in the town mosque here more than a decade ago, he noticed a quiet young man listening intently. He was Abubakar Janjalani, the son of a poor Muslim fisherman from Basilan who lived across the street from the local military base.

Mr. Jali took a liking to the young man. "He was calm," he recalled recently. "He never talked. But he was very bright." So he arranged for Mr. Janjalani to go to Saudi Arabia to learn Arabic, then to Libya to study Islamic teachings, on a scholarship arranged by the Moro National Liberation Front, the Philippines' largest Muslim organization, which was then waging a bloody insurrection against the dictatorship of President Ferdinand E. Marcos.

Mr. Janjalani returned from Libya with a mission. Today, as the government negotiates with the moderate leadership of the Moro Front for a limited regional autonomy to end two decades of separatist strife on Mindanao, Mr. Janjalani and his own rebel movement, the Abu Sayyaf, have emerged as the spoilers of peace.

The organization represents the militant voice of a younger, increasingly radicalized generation of Philippine Muslims, many of them poor and disaffected youth inspired more by the rhetoric of violence than talk of reconciliation.

While in Saudi Arabia and Libya, Mr. Janjalani became an inspired speaker. On his return to this country, he used strident rhetoric to call for a jihad, or holy war, against the government and what he called "Christian settlers" on southern Mindanao.

Mr. Janjalani put his incendiary words into practice, retreating into the forested hills of Basilan island with other Muslim Filipinos who had fought alongside mujahidin rebels in Afghanistan and some disgruntled Moro Front members. They expanded a loose-knit group into what has become the Philippines' most violent rebel movement.

The group has carried out a wave of kidnappings and grenade attacks. A year ago, its

soldiers slaughtered 15 Christians they had taken off a bus. They have abducted Catholic priests and missionaries and bombed a missionary ship in 1991, killing two people.

On April 4, Abu Sayyaf staged its most daring attack, joining forces with other heavily armed Mindanao bandit groups and renegade Moro Front fighters in an attack on Ipil, a small town just north of here. Banks were robbed, shops looted and 47 residents killed in an assault that caught the Philippine military off guard.

The raiders fled into the jungle, taking dozens of hostages with them. They then took more Christian hostages from a nearby village and hacked at least 11 of them to death with large knives.

As the government searches, Mr. Janjalani, 34, has become the country's most wanted fugitive. President Fidel V. Ramos was stung by the raid, which directly challenged his attempts to portray a new and stable Philippines. He gave military commanders 60 days to capture Mr. Janjalani.

Abu Sayyaf is said to have grown from fewer than 100 members in 1991, after Mr. Janjalani returned from Libya, to about 600 regulars, according to local newspapers quoting a Philippine Army report.

THE MORE moderate Moro Front, when it was fighting the government, "was recruiting students," said Gerry Salapuddin, the Muslim governor of Basilan province. "In the case of Abu Sayyaf, they are not recruiting students, but poor people, less educated."

The governor added that Mr. Janjalani's backers "do not want autonomy, but independence."

Mr. Jali, the Islamic scholar and one of the Moro Front leaders negotiating with the government, said: "These young people, most of them were my audience in the mosque, and at the lectures I gave. They think I disregarded the struggle. They think the front is a secular movement."

He said that when some of his followers told him they were leaving the front to join Mr. Janjalani, he told them: "I cannot give you guns. I am not a violent man. But what Janjalani wants is to fight — violently."

He added: "I can no longer attract these people because of the Arab extremists who finance them. I have no money."

According to interviews in Zamboanga, Basilan and Manila with Philippine intelligence officials, Muslim leaders, government officials and politicians — and with a senior Abu Sayyaf member who surrendered and is now in protective custody — Mr. Janjalani and his movement have received substantial financial support from wealthy Middle Eastern backers of global terrorist groups.

"Abu Sayyaf has some foreign connection — funds, arms purchases, training," said Rudolfo Severino, an undersecretary for foreign affairs in Manila. "We have hardly any control over currency flows. The thing is to try to cut them off from their international sources."

He said the issue was raised with Prime Minister Benazir Bhutto of Pakistan, who Mr. Severino said "is very concerned about this problem."

Abu Sayyaf, according to various sources, also was enlisted to become one of the key support groups in a terrorist network established by Ramzi Ahmed Yousef, who has been charged with directing the 1993 bombing of the World Trade Center in New York.

According to Edwin Angeles, chief of Abu Sayyaf's political section who defected to the government, in February, Mr. Yousef intended to use the Philippines as a launch pad for a worldwide terrorist campaign involving high-profile bombings and assassinations, including a plan to kill Pope John Paul II during a visit to Manila, a plot to bomb 11 American planes and another to crash a light plane packed with explosives into the headquarters of the Central Intelligence Agency in Virginia.

A bomb that exploded last December on a Philippine Airlines flight from Cebu City to Japan, killing one passenger, was a "feasibility study" for the larger terror campaign, Mr. Angeles said.

Mr. Angeles said he was still a member of the Abu Sayyaf group when the raid on Ipil was planned. That surprise attack — involving as many as 200 armed rebels — dealt a shock to the Philippine government and led to the removal of the chief of the military's southern command at Zamboanga.

Mr. Angeles said the raid was led by a group of 30 young Filipino Muslims who were specially recruited and sent to Peshawar, Pakistan, for military training. He said they were known as the "mullahs," and the Ipil raid was primarily "a test mission for the new graduates." In addition, he said, Abu Sayyaf wanted to rob several banks in the town to increase its cash reserves for weapons purchases.

SOME ABU Sayyaf members and supporters and others in Mindanao have tried to discredit Mr. Angeles's assertions, saying he was never a true Abu Sayyaf member but a government infiltrator. Mr. Salapuddin, the governor of Basilan, said Mr. Angeles quit the group in February because he had already fallen under suspicion as a government agent and "he was already targeted for liquidation."

Mr. Angeles said he knew he was suspected of spying for the government and may have been marked for death. "I'm not a DPA," he said, using the initials for a deep penetration agent, or infiltrator. He said he was suspected because he had previous military training as a guerrilla fighter with the communist New People's Army and because he had a Christian last name. His father is a Christian, but Mr. Angeles said he has long been a practicing Muslim.

He went on to say that he had publicly disagreed with Mr. Janjalani over the killing of civilians to further the Islamic cause.

"Before I surrendered, I talked to myself," he said. "I knew those things we were doing were wrong." Mr. Angeles said he first became disillusioned with Abu Sayyaf when the group switched from kidnapping for ransom to outright murder of Christians.

Intelligence sources have stood by Mr. Angeles as an "idealist" who confused young men who have spent most of his adult life floating between the Philippines' myriad insurgent movements.

The sources said he had proved his worth by helping the military pinpoint Abu Sayyaf camps and assisting in the searches for them. While some of his allegations cannot be independently verified, one intelligence officer said his agency had verified many of Mr. Angeles's statements with other sources.

Survivors Demand Tiananmen Probe

27 Appeal for a 'Just Inquiry' As Beijing Arrests Dissident

Compiled by Our Staff From Dispatches

BEIJING — Some of the survivors of China's military crushing of the Tiananmen Square protests in June 1989 defied police harassment Thursday to appeal for a full parliamentary investigation into the crackdown.

The appeal, one of several issued to mark six years since the event, called on leaders of the National People's Congress to form a special committee to carry out an "independent, just inquiry."

"We have a saying in China: 'Human life is of utmost importance,'" said the statement signed by 27 people who say their husbands or children were killed in the June 4 crackdown. "Yet six years ago on the streets of the capital Beijing, the government used machine guns and tanks to kill or maim so many people."

The appeal demanded complete details of all casualties and said Parliament was obliged to honor history, and the dead, by ordering state agencies to make full reports to victims' survivors.

It said the authorities had snuffed out debate about June 4 by labeling it a "riot" that had to be suppressed. "This is something we resolutely cannot accept," it said.

Several petitions have been issued in the June 4 anniversary approaches.

Activists were also distributing a new edition of a 1993 Peace Charter and a Christian group's open letter decrying the plight of a growing underclass left behind by economic reform.

The police have already detained at least 10 dissidents and appeared to be targeting the 45 signers of a May 16 petition demanding the release of all prisoners of conscience, including people jailed after the Tiananmen crackdown.

Earlier Thursday, China detained another dissident, only hours after the United States had protested Beijing's arrest of

prominent activists before the anniversary.

The police arrested Xu Yonghai, a doctor and Christian activist, at the Beijing hospital where he works, one of his friends said.

The detention of Dr. Xu, 36, came hours after the United States condemned the wave of detentions and urged that those in police custody be freed immediately.

"We deplore the detention of Chinese dissidents and intellectuals, which began late last week and appears to be continuing in China," said Nicholas Burns, a State Department spokesman in Washington.

Relations between China and the United States were strained again early in the week when the Clinton administration, in a major policy shift, announced that President Lee Teng-hui of Taiwan would visit the United States. On Tuesday, China warned of "grave consequences" for bilateral ties if the visit was allowed.

Dr. Xu was one of 50 dissidents and intellectuals who signed an open letter to Parliament calling for a law protecting human rights. Over 10 days, the 14 authors of the letter have been detained and questioned or have disappeared.

Dr. Xu's arrest is the second to target Beijing's Protestant movement. Gou Qinghui, a former theology teacher at Yanjing University, was questioned by the police for several hours on Tuesday and Wednesday. She is the wife of Xiao Biguang, who has been jailed since March 1994, apparently for his support for an independent Protestant church.

The Peace Charter, which called for political pluralism, was the first major statement from the movement since the 1989 Tiananmen crackdown.

The new version drops a reference to the Communist Party as "the only social force" able to ensure China's transition to democracy. (Reuters, AFP)

TRAVEL UPDATE

Florida Cuts Back on Highway Patrols

MONTICELLO, Florida (AP) — The round-the-clock security on Florida's highway rest areas, instituted almost two years ago after the murder of a British tourist, will end on July 1. Interstate highway rest stops will be staffed for eight hours of daylight, but armed guards will still patrol from before dusk to dawn at 70 or so rest state areas.

The Florida Legislature, seeking ways to reduce spending and pay for more prisons, decided 24-hour security was unnecessary. Policemen spend most of their time helping drivers and shooting off hitchhikers and panhandlers.

El Al Airlines will suspend weekly flights to Seoul after next week, a company spokeswoman said Thursday. She said the decision was a reaction to was the South Korean government's delay in authorizing El Al to upgrade its flight from a charter to a scheduled flight. (Reuters)

China Airlines, Taiwan's national carrier, and **KLM Royal Dutch Airlines** will start flying between Taiwan and the Netherlands in October without showing national flags. A Taiwan official said KLM had requested the arrangement in view of its plan to operate a service to Beijing. (AFP)

KLM Royal Dutch Airlines said Thursday that it had rearranged its schedules from Amsterdam's Schiphol Airport next Tuesday to minimize the effects of a strike by its pilots. The pilots' union said this week it would halt KLM flights out of Schiphol for six hours in support of a pay and conditions claim. (Reuters)

Four of Greece's most famous historic attractions — including the Acropolis in Athens — were closed Thursday as museum workers began a two-day strike over wages. Other sites shut down included Mycenae, Knossos, on Crete, and the museum in Salonika. Museum employees said they would strike again June 1, this time indefinitely, if their demands were not met. (AFP)

A three-day ordeal for 565 German and other tourists ended Thursday when their fire-stricken cruise liner was towed into Jidda. (AFP)

Dracula fans descended on Romania on Thursday for the First World Dracula Congress, with Transylvanian tours and lectures on subjects ranging from "The psychological component in Dracula warfare" to "Garlic in a Magical World." (Reuters)

Conflict Devastates Liberia and Spreads Blight to Neighbors

By Howard W. French
New York Times Service

MONROVIA, Liberia

Nearly every street of this city bears the marks of the five-year Liberian conflict. Medical clinics have been stripped of their roofs. Government ministries, dark and looted shells, are crowded homes to squatters.

If regions can be likened to neighborhoods, few would dispute that Liberia has been the eyecore of West Africa. Many countries in the region have made strides toward democracy and economic reform in recent years, but the blight of Liberia's crisis has also spread.

"There are ever more cross-border incidents in the Ivory Coast," a Western diplomat

said here. "You've got a major refugee crisis in Guinea, and as far away as Mali now we are seeing a wave of armed robberies using Liberian weapons."

Of all the countries in the region, however, none has been more affected than Liberia's western neighbor, Sierra Leone. Shortly after the Liberian rebel leader Charles Taylor invaded his country from the Ivory Coast in 1989, he helped spawn a corrupt movement next door.

Now, after an increasingly intense yearlong drive that has resembled a scorched-earth campaign, Sierra Leone's rebels, led by a shadowy former army photographer named Foday Sankoh, are camped on the doorstep of the capital, Free-

town, far closer to their goal of power than Mr. Taylor.

In both cases, experts on this region readily identify the factors behind the political decay.

First, in Liberia, as in Sierra Leone, years of misrule and economic hardship created a desperate yearning for change. Next, neighbors began to take advantage of each country's weakness, exploiting resources in exchange for cash and arms.

"Had our neighbors not permitted their borders to be used for the arms trade, we would never have had this problem," said David Kpormankor, chairman of the Council of State, Liberia's governing body.

Additionally, analysts say, the failure of the West to re-

spond adequately has encouraged others to meddle. Diplomats say Libya and its leader, Col. Muammar Gadhafi, have been the most active and puzzling troublemakers.

"In the 1980s, Gadhafi began looking for interesting characters in the region, helped them get set up and has maintained contact with them," a Western diplomat said. "This provided him with a way to take a slap at the Americans, a slap at the French and a slap at the British, without really leaving fingerprints."

Recently, diplomats say, Col. Gadhafi has received visits from Mr. Taylor and Burkina Faso's president, Blaise Compaore. For years, diplomats

have complained that Captain Compaore has funneled arms and logistical support to Mr. Taylor, and many now suspect, to Mr. Sankoh of Sierra Leone.

These leaders share military tactics or pasts, and a vague leftist or nationalist oratory.

Some of the fighters in Mr. Sankoh's group, the Revolutionary United Front, are known to have received training in Libya, and diplomats say Mr. Sankoh maintains contact with Col. Gadhafi.

"What we are seeing is a Libyan move to extend its influence in West Africa by reaching out to young, ambitious leaders who have been frozen out by the West or otherwise frustrated," a European analyst said.

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Aruba (any phone)	1-800-344-4443	Czech Republic	0043-087-187	Italy	173-3877	Paraguay	115
Argentina	001-800-777-1111	Dominican Republic	800-1-0877	Jamaica (Port of Spain)	875	Peru	176
Australia	0-6-335	Ecuador	1144-877	Jordan (all cities)	5	Philippines (800 numbers only)	103-01
Australia (Sydney)	1-800-931-10	El Salvador	1-800-577-8000	Kenya	0016-55-877	Philippines (other cities)	103-11
Austria	1-800-431-437	France	0039-131	Korea (Seoul)	0099-12	Poland	00104-800-115
Bahamas	022-930-014	Germany	0049-100-3	Korea (other cities)	0099-13	Portugal	0501-1-877
Bahrain	1-800-389-2111	Ghana	799-007	Latvia	0037-007	Puerto Rico	1-800-877-8000
Belize	800-777	Greece	0110-013	Lebanon	153-777	Romania	01-800-877
Belize (any phone)	1-800-877-8000	Greenland	0045-001-411	Lithuania	8-197	Russia (Moscow)	155-4123
Bolivia	1-800-422-0877	Honduras	950-7266	Luxembourg	00352-0115	Russia (other cities)	8095-155-623
Brazil	0800-2333	India	193	Macao	00850-121	Saudi Arabia	235-0833
Brazil (any phone)	1-800-877-8000	Indonesia	121	Malaysia	0060-018	Senegal	1-235-0833
Bulgaria	00350-10014	Iran	0098-1877	Mexico	01-800-877-8000	Sierra Leone	170-8877
Burkina Faso	1-800-422-0877	Japan	011	Morocco	00212-477-777	Singapore	1800-12
Burundi	0800-2333	Kenya	00254-131	Nicaragua	00505-477-777	South Africa	0027-115
Cameroon	00237-211	Korea (Seoul)	0082-131	Netherlands	0031-20-477-777	Spain	0034-91-0001
Canada	1-800-389-2111	Korea (other cities)	0082-13	Netherlands Antilles	0031-800-745-1111	Sweden	0046-8-0001
Cayman Islands	1-800-344-4443	Laos	00856-131	New Zealand	0064-9-477-777	Switzerland	0041-1-111-1
Chile	0056-017	Lebanon	00961-131				
China	106-13	Libya	00218-131				
Colombia	0057-131	Lithuania	0037-007				
Cuba	0053-131	Madagascar	00262-131				
Czech Republic	0042-087-187	Malawi	00265-131				
Dominican Republic	800-1-0877	Mali	00223-131				
Ecuador	1-800-577-8000	Malta	00358-131				
El Salvador	1-800-577-8000	Mexico	0052-131				
France	0033-131	Morocco	00212-477-777				
Germany	0049-100-3	Nicaragua	00505-477-777				
Ghana	799-007	Netherlands	0031-20-477-777				
Greenland	0045-001-411	Netherlands Antilles	0031-800-745-1111				
Honduras	950-7266	New Zealand	0064-9-477-777				
India	193						
Indonesia	121						
Iran	0098-1877						
Japan	011						
Jordan (all cities)	5						
Jordan (Port of Spain)	875						
Jamaica	875						
Jamaica (other cities)	00876-131						
Kenya	00254-131						
Korea (Seoul)	0082-131						
Korea (other cities)	0082-13						
Latvia	0037-007						
Lebanon	00961-131						
Lithuania	0037-007						
Luxembourg	00352-0115						
Macao	00850-121						
Malaysia	0060-018						
Mexico	0052-131						
Morocco	00212-477-777						
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THE AMERICAS

Senators Approve Cuts of \$16 Billion

Clinton Is Adamant on a Veto If Bill Hurts Schools and Jobs

The Associated Press
WASHINGTON — Republicans urged President Bill Clinton on Thursday to change his mind and sign a \$16.4 billion spending cuts bill, but an adamant president said he had no choice but to veto a bill he says is fatally flawed.

The Senate voted, 61 to 38, Thursday morning to approve the deficit reduction bill, which makes major cuts in housing, airport improvement and job training, education and environmental programs included in previously approved federal budgets.

The cuts are partly offset by new spending of \$6.7 billion for disaster relief for California and other states, \$250 million for anti-terrorism efforts after the Oklahoma City bombing and \$275 million in debt relief for Jordan — all spending that Mr. Clinton favors.

The House approved the bill last week. It now goes to the president, who says he will cast the first veto since he took office because the bill cuts too deeply into social programs while saving "pork" construction projects.

"Congress went behind closed doors and cut a lot of education and training out and put some pork in the bill for specific congressmen," Mr. Clinton said Thursday. "So if the bill comes to me in the same form without the restoration of the education and training, yes, I will veto it."

But the House Speaker, Newt

Gingrich, Republican of Georgia, warned that it might be impossible to resurrect the measure this year if the bill were killed. "To veto the first step toward balancing the budget, I think, would be a great disservice to this country."

To override a veto would require the votes of two-thirds of those present and voting in the House and the Senate.

Mr. Gingrich and other Republican leaders held a news conference after the vote to urge the president to sign the bill. They were joined by two Republican lawmakers from Oklahoma, Senator Don Nickles and Representative Ernest Istook, who emphasized that a veto could affect Oklahoma City bomb victims.

Both California senators, Barbara Boxer and Dianne Feinstein, were among the eight Democrats who voted for the bill.

The White House spokesman, Michael McCurry, said it was "overextended rhetoric" to suggest that disaster victims in Oklahoma or California would suffer because of the veto, saying that immediate needs would be met. Mr. McCurry said the additional money was needed to ensure that aid for future disasters was not depleted.

The Senate was also to vote late Thursday on its landmark budget blueprint, which would require nearly \$1 trillion in savings to reach a balanced budget in seven years.

Bogus Parts: Some U.S. Airlines Fly on a Wing and a Prayer

By Matthew L. Wald
New York Times Service

WASHINGTON — Bogus aircraft parts such as improperly reconditioned castoffs are commonly used on commercial airliners because of greedy suppliers and poor government oversight, officials of the Federal Aviation Administration and the FBI told a Senate panel.

Some so-called bogus parts are counterfeit made of inferior materials, while others are fraudulently labeled, have not been properly inspected or were once rejected as defective, the officials said at a hearing of the subcommittee on oversight of government management.

In some cases, parts were removed from airplanes, improperly reconditioned and returned to service aboard other planes, the officials said.

The officials also disclosed that the Justice Department was investigating whether a senior aviation agency official obstructed an inquiry into the use of unauthorized parts.

There was disagreement during and after the Wednesday hearing over whether unauthorized parts had figured in any crashes or emergencies.

David Hinson, the aviation agency's administrator, asserted that such parts, which he called "suspected unapproved parts," had never been linked to a safety problem. "Anything that can have an adverse effect on safety is important to us," he said in an interview. "There's just never been an unapproved-part problem."

But Senator William S. Cohen, Republican of Maine, who heads the subcommittee, cited an instance of a Pan American Express com-

muter plane approaching Kennedy International Airport on July 29, 1990, that was able to lower its landing gear only when the crew cranked it down manually. He said the problem was later attributed to an unapproved part.

Officials of the National Transportation Safety Board said that a Norwegian Convair airliner built in the United States crashed at sea in September 1989, killing 52 people, after its tail fell off in flight. An unauthorized part was held responsible, the officials said.

They said that in 10 general-aviation crashes, including those of several helicopters, improper parts have been listed as factors.

Investigators furnished a list of unapproved parts at the hearing, including:

• A nose wheel for a DC-9 that had been passed off by a broker as a nosewheel for an MD-88, which is a heavier airplane.

• A Chinese copy of a part for a General Electric engine used in Lear Jets that lacked cooling holes and caused two failures in Turkish Air Force planes.

• Starter motors widely used in airliners that could fail and cause fires because of bent shafts and other problems.

• Counterfeit landing-gear components for DC-8s that were slightly lighter or made from the wrong grade of steel and were likely to wear out and fail, even though they were difficult to distinguish from proper parts.

The aviation agency's senior inspector, A. Mary Schiavo, said bogus parts were "quite rampant," but that the agency did not have a clear idea of how big the problem was because it had failed to gather information aggressively or properly.

House Vote On Foreign Affairs Bill Is Delayed

Compiled by Our Staff From Dispatches

WASHINGTON — After President Bill Clinton's threat to veto a bill he said would trample his authority to conduct foreign affairs, House Republican leaders put off a vote Thursday on the measure.

Democrats and administration officials claimed victory, saying the delay showed that the Republican majority lacks the votes to pass the legislation, which would slash foreign aid and reorganize the State Department.

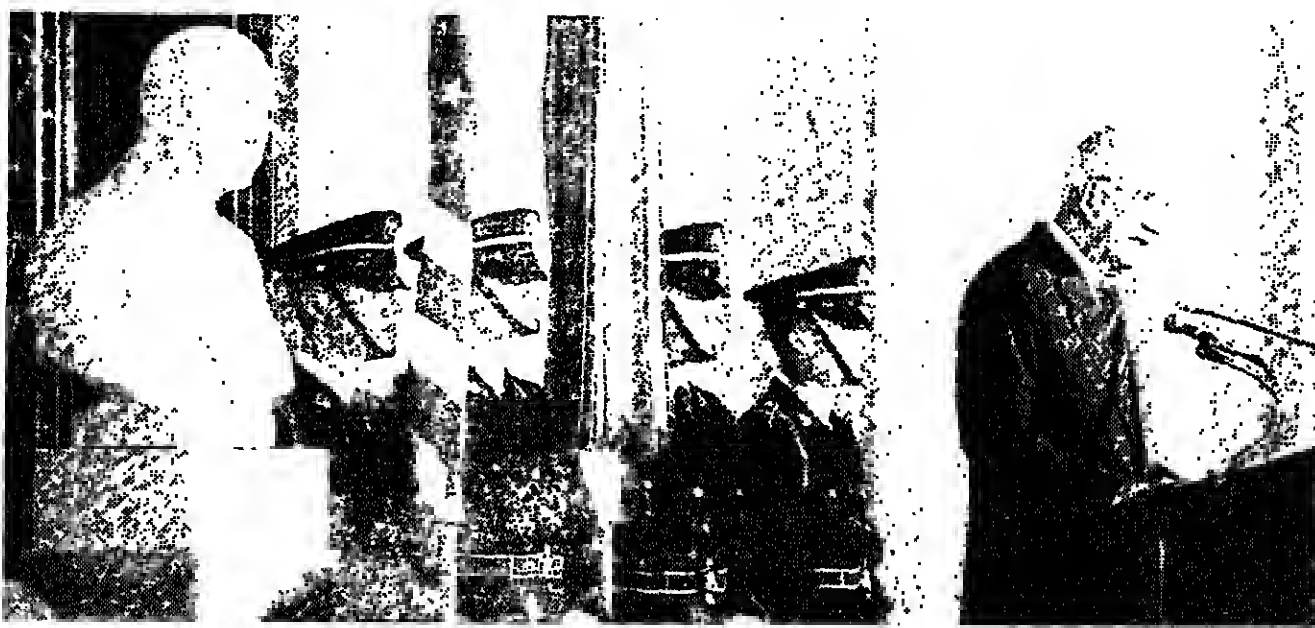
But Republicans said they just needed more time and predicted the measure would pass after the Memorial Day recess.

Mr. Clinton has threatened to veto the bill, but the House speaker, Newt Gingrich, said he was confident it would still get through the House. The Senate Foreign Relations Committee is working on a similar bill, but its work also has been delayed by floor action on the budget.

"We have the votes," Mr. Gingrich said. "I'm not worried about passage."

The House Rules chairman, Gerald B. H. Solomon, Republican of New York, halted a daylong debate Wednesday. A final vote on the bill, which had been scheduled for Thursday, was delayed until June 7.

Mr. Gingrich said more time was needed to debate the War



Spiro Agnew speaking at a ceremony outside the U.S. Senate where a bust of the former vice president was unveiled.

'Copycat' Attacks Worry White House Security

By Todd S. Purdum
New York Times Service

WASHINGTON — The latest breach of security at the White House was the most common kind, an unstable fence-jumper, quickly caught. But for those charged with protecting the president, it raised an unsettling fear: The more such acts happen, the more likely other, and perhaps more dangerous, people are to try them again — and again and again.

It is not at all clear that the latest suspect, Leland William Modjeski, a former pizza deliveryman, intended to cause President Bill Clinton any harm. He was carrying an unloaded revolver, and was tackled, then shot in the arm, before coming anywhere near Mr. Clinton, who was inside the residence at the time, protected by uniformed and plainclothes agents who guard his every move.

But coming on the heels of the crash landing of a light plane on the White House lawn, and the fusillade of semiautomatic rifle fire from a gunman that pockmarked the north side of the mansion last fall, the incident only heightened concerns about security at the nation's most prominent address.

Those concerns made worldwide headlines last

weekend with the closing of Pennsylvania Avenue in front of the building to deter would-be truck bombers. Asked if all the attention paid to the incidents might have inspired would-be intruders, the White House spokesman, Michael McCurry, replied, "I am not an expert on the motives or thinking of those that would attempt to do very silly and foolish things."

But Mr. McCurry acknowledged that public attention to security at the White House had been heightened in recent months.

"There's been more discussion of those issues," he said, "and it raises the awareness that some who, you

NEWS ANALYSIS

know, have misguided motives may have as they contemplate their own action."

Copycat behavior is a universal phenomenon in any case that receives wide publicity, and security experts said the latest incident was no cause for panic.

"Of course, the Pennsylvania Avenue business may have something to do with it," said William H. Webster, former director of the FBI and the CIA, who was among the outside experts who recommended closing Pennsylvania Avenue. "Some people are triggered by concentrations of news. Usually, they're the ones who

are not the lethal conspirators, with the planning and the cunning, but people who act impulsively."

He added: "I feel very good about what we did about the avenue, and I don't think you can refrain from doing responsible things because of how unstable people may respond. At the same time, in my opinion, this latest incident doesn't call for any further steps, walling off the South Lawn, or electrifying that fence, where kids could get hurt."

"Over time, there have been plenty of these fence-jumpers, and they have procedures in place to handle them," Mr. Webster said. "I just don't think we should take this incident and say, 'Henny-Penny, the sky is falling down! It's not.'"

From 1989 through last November, 25 people jumped fences to enter the White House complex, according to the Treasury Department's security review, which was issued last week at the time of the street closing. "Most of these fence-jumpers" have been pranksters, peaceful protesters and harmless, mentally ill individuals, the report found.

Robert J. Donovan, the author of a two-volume history of the Truman administration and "The Assassins," a history of presidential killings, said, "There is a certain epidemic effect to a lot of these things." But he added that the current climate of harsh political rhetoric made the past seem innocent.

POLITICAL NOTES

Republicans Bare Education Plan

WASHINGTON — House Republicans have outlined for the first time exactly how they intend to put the Department of Education out of business, vowing to hand states total control of \$11 billion of its programs and scatter the rest around the federal government.

Their plan, unveiled by a coalition of House freshmen who have spent the last few months assessing the department, also seeks to repeal Goals 2000, an initiative that has been atop the administration's education agenda.

"The great federal experiment in education is over," said Representative Charles A. Stenholm, Republican of Florida. "It failed. It is time to move on."

The House plan calls for the department to be abolished within a year and for many of its responsibilities, such as overseeing student loans and special education programs, to be transferred to the Department of Health and Human Services.

But the chief feature of the proposal is to transform \$11 billion in what the department spends in aid for elementary and secondary schools, as well as colleges, into "no-strings-attached" block grants. The states would then be able to spend the money for any "educational purpose," virtually without any federal regulation. (WP)

Flag Measure Advances in House

WASHINGTON — In the first step by the 104th Congress to pass a constitutional amendment banning desecration of the flag, a House panel voted along party lines Thursday to send it to the House Judiciary Committee.

The seven Republicans on the Judiciary subcommittee on the Constitution outnumbered the five Democrats to push the measure forward.

The Democrats' opposition came despite bipartisan support for the amendment in the House and Senate. The full House is expected to vote on the proposal next month.

Supporters say most Americans favor the amendment. The Supreme Court ruled in 1989 that laws against flag-burning violated the Constitution because of the First Amendment guarantee of freedom of speech. (AP)



President Clinton and his nominee for surgeon-general, Dr. Henry Foster, at the White House on Thursday. "If he is not qualified to be America's doctor," the president said, "it's hard to imagine who would be."

Amtrak Switch Is Right on Track

WASHINGTON — A House subcommittee voted Thursday to get the government out of the rail passenger business and convert Amtrak into a private business.

The bill, sent to full committee on an 11-to-5 vote, would provide subsidies of nearly \$3.6 billion over the next five years, gradually ending federal assistance by 2002.

Stock held in Amtrak by the Transportation Department and the freight railroads would be returned, and Amtrak would be permitted to incorporate as a business and sell stock.

Created 25 years ago to take over rail passenger service from the private lines that no longer wanted to handle it, Amtrak has consistently lost money, requiring a federal subsidy of about \$1 billion annually. (AP)

Quote / Unquote

The White House spokesman, Michael McCurry, after reading from a 1939 article in The New York Times explaining why one of the iron gates on Pennsylvania Avenue had to be closed: "The times, the times they have a-changed, obviously, if people were trying out there on the front lawn of the White House as recently as 1939." (AP)

Away From Politics

• Dr. Robert C. Gallo, a leading AIDS researcher, has announced that he is leaving his laboratory at the National Institutes of Health to head a new laboratory, the Institute of Human Virology, at the University of Maryland in Baltimore.

More than \$16 million and a large laboratory building have been pledged by the university, the state and the city. Dr. Gallo said he believed the institute would be the first to study human viruses and have a clinic for patients under the same roof.

Work on AIDS will be a chief mission, he said. (N.Y.T.)

• The Evening Sun, a Baltimore newspaper that once carried the sharp prose of the curmudgeonly sage H.L. Mencksen, will stop publishing Sept. 15 because of declining circulation, its owners said. (AP)

• A jury ordered New York City to pay a woman \$42 million after finding that inexperienced doctors at Lincoln Hospital botched the delivery of a baby girl 17 years ago, causing deafness and lifelong brain damage. The city is expected to appeal the verdict, which comes as state Health Department officials are conducting a sweeping investigation of the delivery rooms of New York's public hospitals. (N.Y.T.)

• Charitable donations in the United States rose by 3.6 percent last year to \$130 billion, just slightly ahead of inflation, according to the American Association of Fund-Raising. It

said that unless donations began to rise appreciably, charitable organizations would be hard-pressed to meet proposals by public officials that they take over the funding of some services provided by the government. (N.Y.T.)

• About half the District of Columbia's children are living in poverty, double the proportion five years ago, according to a new study that blamed the increase on a worsening economy and middle-class flight from the city. (WP)

• FBI agents and police in 31 states have arrested or announced the indictment of 126 persons in a national drive to thwart attempts to defraud insurance companies through fake or staged automobile accidents. The investigation was initiated in late 1993 in an attempt to curb fraudulent property and personal-injury claims that have cost the insurance industry an estimated \$20 billion. The FBI said it costs every American household \$200 annually in insurance premiums to make up for those losses. (WP)

• Tammy Payette, a nurse who claimed that the tobacco heiress Doris Duke was killed by her doctor and butler, has been charged in Los Angeles with stealing \$430,000 in valuables from Miss Duke and five other patients. Miss Duke, daughter of the American Tobacco Co. founder, died in 1993 at age 80. The circumstances of her death are under investigation. (AP)

Prosecutor Sees Crack in Simpson Defense

The Associated Press

LOS ANGELES — A police criminal investigator testified Thursday that, as far as he knew, a defense expert did not change gloves while examining a pair of socks found at O.J. Simpson's home hours after the murders of Mr. Simpson's former wife and a friend.

The Republican-crafted legislation would trim \$2.8 billion from Mr. Clinton's proposed \$21.6 billion foreign affairs budget, sharply reduce foreign aid authorizations, merge three independent foreign policy agencies into the State Department and set some policy guidelines for North Korea, China, Russia and other countries.

Before Republicans removed the bill from the floor, the House endorsed a renewal of Reagan-era restrictions on U.S. funding of international family planning that Mr. Clinton lifted in one of his first acts after taking office two years ago.

By a vote of 240 to 181, the House supported renewing a ban on U.S. funding of private groups such as International Planned Parenthood that provide abortion services in foreign countries using their own money. President Ronald Reagan imposed such a ban in 1984, and it remained in effect until rescinded by Mr. Clinton's executive order in January 1993. (WP, AP)



The lead prosecutor, Marcia Clark, gesticulating in court.

drops of Nicole Brown Simpson's blood.

The testimony on Thursday came after Judge Lance A. Ito cautioned the lead defense attorney, Johnnie L. Cochran Jr., about describing the senior prosecuting attorney, Marcia Clark, as being hysterical.

The description came Wednesday during her arguments about a defense effort to let jurors hear the taped statement Mr. Simpson made to police the day after the murders of

dictionary, "the term as I understand it applies to both male and female. That was my understanding. That we'll discuss that." He chuckled as he spoke. "All right," Judge Ito said. "Just a word of caution."

Ms. Clark started to argue, but the judge interrupted. "Counsel, I'm cautioning him. So I don't think you need to add anything to it."

The Random House Dictionary of the English Language says the word "hysterical" comes from the Greek word *hysterikos*, or "suffering in the womb, reflecting the Greeks' belief that hysteria was peculiar to women and caused by disturbances in the uterus."

The defense insisted that a remark by Mr. Yamauchi that Mr. Simpson initially appeared to have an "airtight alibi" cleared the way for jurors to hear Mr. Simpson's tape-recorded statement to police, which would allow his story to be told without him taking the stand and enduring cross-examination.

Ms. Clark said Mr. Yamauchi's remark was based on media reports, not on knowledge of the police interview the day after the murders.

Judge Ito asked both sides to give him written comments on the subject.

Pentagon Urged To Streamline Some Operations

New York Times Service

WASHINGTON — In the latest effort to make the military more efficient, a Pentagon-appointed commission has recommended that the Defense Department overhaul its medical system, slash overlapping staffs and let private business do the auditing and depot work that the armed forces now perform.

In its report, "Directions for Defense," the Commission on Roles and Missions of the Armed Forces also suggested that regional commanders be given more control over the training and equipping of their forces, that the Pentagon's cumbersome budget process be streamlined and that reservists be used more effectively.

The commission challenged the preeminent role of the navy's aircraft carriers in projecting American military might overseas, but dodged the politically sensitive issue of whether to buy more B-2 Stealth bombers and, in general, called for no drastic changes. Indeed, most of the panel's 150 recommendations affirmed proposals offered by earlier reports or action already under way by the Defense Department. Critics said the commission's 11 members — all civilians but five of them retired military officers — had fallen captive to the interests of the military branches in not eliminating more duplication.

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EUROPE

Athens Tries to Get Greeks to Own Up and Pay

By Marilee Simons
New York Times Service

ATHENS — The tax collection office at 11 Sevastias St. offers a view of a faltering engine of the Greek state.

Its five floors are padded with documents in blue linen folders tied with long white ribbons. Folders fill stained filing cabinets and clutter the sofas and chairs. Some ribbons have worn out, spilling the contents.

The 60 employees are using other relics of record-keeping — carbon paper, ink pads and worn rubber stamps. The scene helps explain why more than half of the nation's taxes are never paid and why Greece is chronically short of money.

Only 140 of the country's 340 tax offices are linked to computers. Tax collectors have no access to a central land registry because it does not exist. By government estimates, the black market is worth \$30 billion to \$45 billion a year, perhaps as much as 40 percent of all economic activity.

But in a turnaround that has pushed many citizens to the verge of revolt, the government now appears determined to turn Greeks into taxpayers. This year, new laws and rules adopted in 1994 will be tested, and the Finance Ministry has been busy setting up computers to carry them out.

The outcome will not be known until later this year, but among the early results are strikes, protests and roadblocks organized by irate citizens.

"We have to work 12 hours a day," said Yannis Patakis, who owns a grocery store and who joined a recent one-day shutdown of shops to protest the new laws. "Why should we give any of our money to the government? They'll only steal it."

Andreas Makripidis, head of the federation of tax officials, said the biggest item for evasion was the sales tax.

"We believe about 60 percent of sales tax does not go to the government," he said. Merchants sometimes make deals with customers to ignore the sales tax, or they charge it and pocket it, he said.

The government says that little or no annual tax is paid on the country's large fleet of luxury cars and yachts and on perhaps as much as half of the nation's real estate.

Because of the large-scale tax evasion, more than 70 percent of current tax income consists of the money withheld from salaries and pensions, but that

covers only half the people who should be paying taxes.

A government official, who asked not to be identified, said that techniques for tax dodging had been fine-tuned by the rich.

"We have wealthy lawyers, doctors, businessmen and other self-employed people reporting incomes that are so low you'd think they were impoverished," he said.

Tax officials concede that widespread evasion has been possible because of an antiquated collection system run by slack, ill-trained and corruptible bureaucrats in a culture of favors and personal relationships. With 10 million inhabitants, Greece has close to 8 million unsettled tax cases.

The most revolutionary, and to the Greeks the most infuriating, part of the new tax measures is that from now on every potential taxpayer must register.

Tax Evasion Is Added To List of Deadly Sins

Reuters

ROME — Italians might get away with dodging their taxes and bribing people in this world but in the next they will burn in hell unless they repent, according to the Roman Catholic Church.

The church has added a catalogue of secular sins to the traditional wrongs listed in the Bible in a new version of its catechism, or book of rules, for Italians.

The new catechism, published Thursday, contains some bad news for tax evaders, a widespread problem in Italy, and for politicians who persist in corruption.

Modern sins it lists include vote-rigging, bribery and corruption, financial and property speculation, tax evasion, drug trafficking, arms smuggling, arbitrary imprisonment and environmental pollution.

"It pains the church to have to note that there is a gap between religious practice and social and political action among believers," the catechism says. "It is worrying for a country to have to go through a crisis of illegality which is widespread among its governing class and the behavior of its citizens."

"This alone should add 600,000 people to the list," Mr. Makripidis said.

Many Greeks have taken the change as an affront. The requirement for "objective criteria" to calculate a person's income is considered especially offensive. The government has issued a list of "wealth indicators" like the size of a doctor's practice or the value of a car.

"For the first time this year people will be asked how they got their land, their homes or their other properties," Mr. Makripidis said. "And they will have to explain how they got the money" if the income they declare is not high enough. The government hopes to collect 20 percent more in taxes this year, and twice the current amount within five years.

Some Greeks predict that the new laws will force a change in their lifestyles. A corporate lawyer wondered if he would have to sell his summer home on the island of Syros.

In his grocery store, Mr. Patakis stopped filling packets of herbal tea to denounce the government. He said new taxes might force him to close because entrepreneurs like him had already lost a lot of business to new foreign-owned supermarkets.

Farmers, never taxed before, have protested the loudest. For two weeks in March, they set up barricades on the highways, causing 100,000 tons of milk, meat and produce to rot in trucks trapped by the blockade. The government did not budge, but it richest 10 percent of the farmers.

Politicians respond to the protests by pointing to pressure from the European Union, which has sent Athens development funds for more than a decade, but which is demanding that Greece align itself with tax practices of other members. There have been hints that the generous handouts may end unless the government in Athens remodels its public administration and makes Greeks contribute more to the public coffers.

The European Union is also demanding greater accuracy in Greece's national statistics, greatly distorted because of the underground economy.

"Our statistics are as biased as those of many backward countries," a Greek government economist acknowledged. Significantly, last year Greece revised its statistics on the national income upward by 25 percent, retroactive to 1988.

"That is one step closer to reality," he said. "But all Greek national accounts are currently just estimates."

U.S. Joins Britain and Ireland In Pact to Boost Ulster Tourism

The Associated Press

WASHINGTON — The Clinton administration signed a compact Thursday with Britain and the Irish Republic intended to bolster tourism in Northern Ireland after the president addressed a conference to promote investment in the long-troubled region.

The tourism communiqué, according to Commerce Secretary Ronald H. Brown, will "spur tourism throughout Ireland, develop initiatives to increase private-sector investment and tourism development, and train tourism industry employees."

Secretary of State Warren M. Christopher told the White House conference that "bombs and bullets are giving way to ballots and business" in Northern Ireland.

The gathering has also provided a venue for a top British official to press the Sinn Féin leader, Gerry Adams, on disarming the Irish Republican Army.

Sir Patrick Mayhew, who as secretary of state for Northern Ireland is Britain's senior official for the region, met for the first time with Mr. Adams on Wednesday.

That meeting marked the highest level contact between Sinn Féin, the political ally of the banned IRA, and the British government. Lower level talks have begun on ways to allow Sinn Féin's participation in all-party talks about the future of Northern Ireland.

■ **Anatomy of a Meeting**
James F. Clarity of The New York Times reported earlier from Washington:



Mr. Adams in Washington.

Mr. Adams had been demanding a meeting with Sir Patrick for months, arguing that the secretary was in contact with other parties involved in the peace effort, including Protestant unionists, mainstream Roman Catholics, and the Irish government.

Sir Patrick had delayed contact with Mr. Adams because he wants assurances from him that Sinn Féin is ready to discuss ways to decommission the IRA arsenal, estimated at 100 tons of weapons.

The meeting was at the start of the White House-sponsored conference on trade and investment in Ireland, which President

Bill Clinton promised last year as part of his effort to foster peace in Northern Ireland.

"For the first time, representatives of all Ireland, not only political but from the community, are meeting under the same roof," said John Hume, the leader of the Social Democratic and Labor Party in Northern Ireland, whose secret talks with Mr. Adams two years ago led to the revival and acceleration of the peace effort.

He said that Sir Patrick, having met with Mr. Adams, should now agree to permit Sinn Féin to take part in full-fledged peace talks, including all the Protestant and Catholic parties and the British and Irish governments. Such talks are Sinn Féin's main demand. But the arms issue remains sensitive, and officials and independent experts say that there will be no all-party talks until it is resolved.

The meeting Wednesday gave Sinn Féin the important recognition it wanted, showing that political negotiations, as distinguished from the IRA's campaign of violence, had attained for Mr. Adams a meeting of equals with Sir Patrick.

Some Irish and British officials said the meeting was pressed on the British by the White House, which wants the peace effort to move faster. In March, the British were annoyed when Mr. Clinton gave Mr. Adams the right to make a fund-raising trip to the United States. Before he landed in Washington on Wednesday, Mr. Adams had been fund-raising in the Midwest.

BRIEFLY EUROPE

Seafood Safe, Japan Says

TOKYO — Japan's Health Ministry plans stricter sanitary checks on the nation's seafood processing in a step toward meeting standards of the European Union.

In early April, the EU banned imports of Japanese seafood by its member countries because conditions at a scallop processing factory in northern Japan did not meet its sanitary conditions.

Kunio Morita, chief of the Veterinary Sanitation Division at the Health and Welfare Ministry, will explain the new measures to EU officials in Brussels on June 8, a ministry official said. (AP)

The Road to Closer EU Ties

PARIS — Central European leaders will meet Friday and Saturday in the Hungarian town of Keszthely to discuss strengthening ties with the European Union.

The talks will bring together the heads of state of Hungary, the Czech Republic, Slovakia, Poland, Slovenia and three EU members — Germany, Italy and Austria.

The discussions have been billed as a forum for discussion between the Central European states and EU neighbors anxious to help them with economic integration as a prelude to EU membership. (AFP)

Perry at Joint Maneuvers

KIEV — Defense Secretary William J. Perry arrived in the Ukrainian city of Lvov on Thursday to watch the first joint U.S.-Ukraine military exercises, which are taking place at a former Soviet training ground. Officials said he was accompanied by the Ukrainian defense minister, Valeri Shmarov.

The exercises involve 300 soldiers from the U.S. 3d Infantry Division based in Germany and 400 troops from Ukraine's 24th Mechanized Division, based in Ivory. The exercises are to end Sunday. (AFP)

Turks Bend on Cyprus Bid

NICOSIA — Cyprus can press ahead with its bid to join the European Union despite Turkish Cypriot objections that the 21-year division of the island must be resolved first, Foreign Minister Alecos Michaelides said Thursday.

The EU application "should have absolutely no connection with the Cyprus problem," Mr. Michaelides said at a news conference with the visiting Greek deputy foreign minister, George Mangakitsis.

A solution to the Cyprus problem "is our basic aim," Mr. Michaelides said, "and we have said that before negotiations start we will multiply our efforts to solve the problem. But this does not only depend on what we want." (Reuters)

U.K. Targets Vehicle Theft

LONDON — Britain plans to crack down on organized gangs that steal trucks, motorcycles and high performance cars and sell them worldwide, police said on Thursday.

A new vehicle crime unit will be part of the National Criminal Intelligence Service, which comprises police, customs and other civil servants and aims to break up the rings that steal anything from Scania trucks to Ferraris. The worldwide trade is worth more than £600 million (\$950 million) a year, officials said.

This is a problem not just throughout the United Kingdom but in Europe, Australia, New Zealand, Africa and probably North America as well," said Albert Pacey, head of criminal intelligence in Britain. "We want to get a better focus on the problem to bring these criminal gangs to justice." (Reuters)

For the Record

Chancellor Franz Vranitzky of Austria on Thursday was awarded the Charlemagne Prize by the city of Aachen, Germany, for bringing Austria into the European Union. (AFP)

Wary Start to Russia-Chechnya Talks

Meeting Halted, but Political Will Is Seen for Solution

By Steven Erlanger
New York Times Service

MOSCOW — International mediated peace talks between Russia and Chechen leaders were suspended Thursday after four hours of conversation that appeared to restate old positions.

The talks in the ruined Chechen capital, Grozny, were held under the auspices of the Organization for Security and Cooperation in Europe, which has

opened a permanent office in Grozny.

Usman Imaev, who represented the secessionist Chechen leadership of General Dzhokar Dudayev, told reporters that the Russian delegation, which left the meeting first, "was not ready for talks."

But all sides agreed in principle to meet again, although no date was set for another round. Russian officials told the Itar-Tass news agency the talks could resume in two or three days.

"The main thing is that talks have started and that is already positive," said Mr. Imaev, who holds the post of prosecutor-general in the Dudayev cabinet.

But from what we saw today, the Russian side is not yet ready to stop murdering peaceful civilians.

The Russian negotiators were led by Nikolai Semynov, head of Russia's civil administration in Chechnya.

Mr. Semynov said later that the main result of the first round was that all sides displayed political will to solve problems peacefully. Itar-Tass said after a briefing.

There was a lull in the fighting Thursday, although it was not the cease-fire that the Organization for Security and Cooperation in Europe had called for. Russian air strikes on Chechen positions in the mountains south of Grozny were fewer than usual, although there were ground skirmishes.

Yeltsin Hopes He Can Forge New Alliance of Old Partners

Reuters

MOSCOW — President Boris N. Yeltsin will pursue his distant dream of turning the 12 nations of the Commonwealth of Independent States into a body resembling the European

Union at a summit meeting Friday in the Belarusian capital, Minsk.

The Commonwealth, which groups all former Soviet republics except Estonia, Latvia and Lithuania, has made little progress toward integration since it was created from the ashes of the Soviet Union in 1991.

But Mr. Yeltsin has made it clear that he was encouraged by moves toward freer trade with Belarus and has said that the 12 member states will seek closer trade and economic ties at the one-day meeting.

The heads of state of 10 of the 12 countries in the group will attend the meeting. President Nursultan A. Nazarbayev of Kazakhstan will be absent because of a minor illness, and President Eduard A. Shevardnadze of Georgia will be attending day events. They will send lower-ranking officials.

Basque ETA Separatists Lay Claim to Abduction

Agence France Presse

BILBAO, Spain — The Basque separatist movement ETA claimed responsibility Thursday for the kidnapping of José María Aldaya, a Basque businessman, two weeks ago as he was returning to his home in the border town of Fontarabie.

In a communiqué published in the nationalist paper Egin, it said the kidnapping on May 8 was "due to his refusal to provide the economic help asked to continue the struggle to liberate the Basque country."

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EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Chirac in the Jobs Maze

It is not a great start for Jacques Chirac's presidency. His chief task, Mr. Chirac says, is to attack France's joblessness, the worst in the world's top seven economies. Yet the first measures announced by the new prime minister, Alain Juppé, will cost a substantial amount of money which the government has not yet explained how it will find, and one item — the increase in the state-fixed minimum wage — could in itself be a disincentive for some employers to hire new staff. The franc predictably wobbled again. Has Mr. Chirac really thought the problem through?

France's unemployment has two chief causes. Mr. Chirac can get some people back into jobs by making French labor less expensive. That means both cutting payroll taxes (which Mr. Juppé has done) and chopping the minimum wage (not, à la Juppé, putting it up). Cheaper labor has helped to put jobless Americans back to work. It is needed in France, too. But in France it will be politically explosive, and it may anyway not get Mr. Chirac very far. It will be explosive because new jobs will be created by a reduction in the living standards of French men and women now working. France's trade unions, stronger than America's and already rebellious, will not easily accept that. If many of the new jobs go to immigrants the anger could further swell the vote of the nationalist far right. And the benefit to employment may in any case not be decisive, especially if the sight of France demolishing its labor-market rigidities leads Germany to do the same, thereby cutting the price of German labor — and German exports.

It is the franc-foi policy that causes much of France's unemployment, half as bad again as Britain's or Western Germany's. To keep the franc tied to the Deutsche mark will limit what Mr. Chirac can do about joblessness. To dissolve the franc into a single Eurocurrency — still his declared aim — will leave him with even less room for maneuver.

In a monetary union, a French government cannot try to create more jobs by

altering its exchange rate; there will be no exchange rate to alter. And its ability to borrow money for job-creating purposes may be curtailed by the Maastricht treaty's limits on government borrowing and debt.

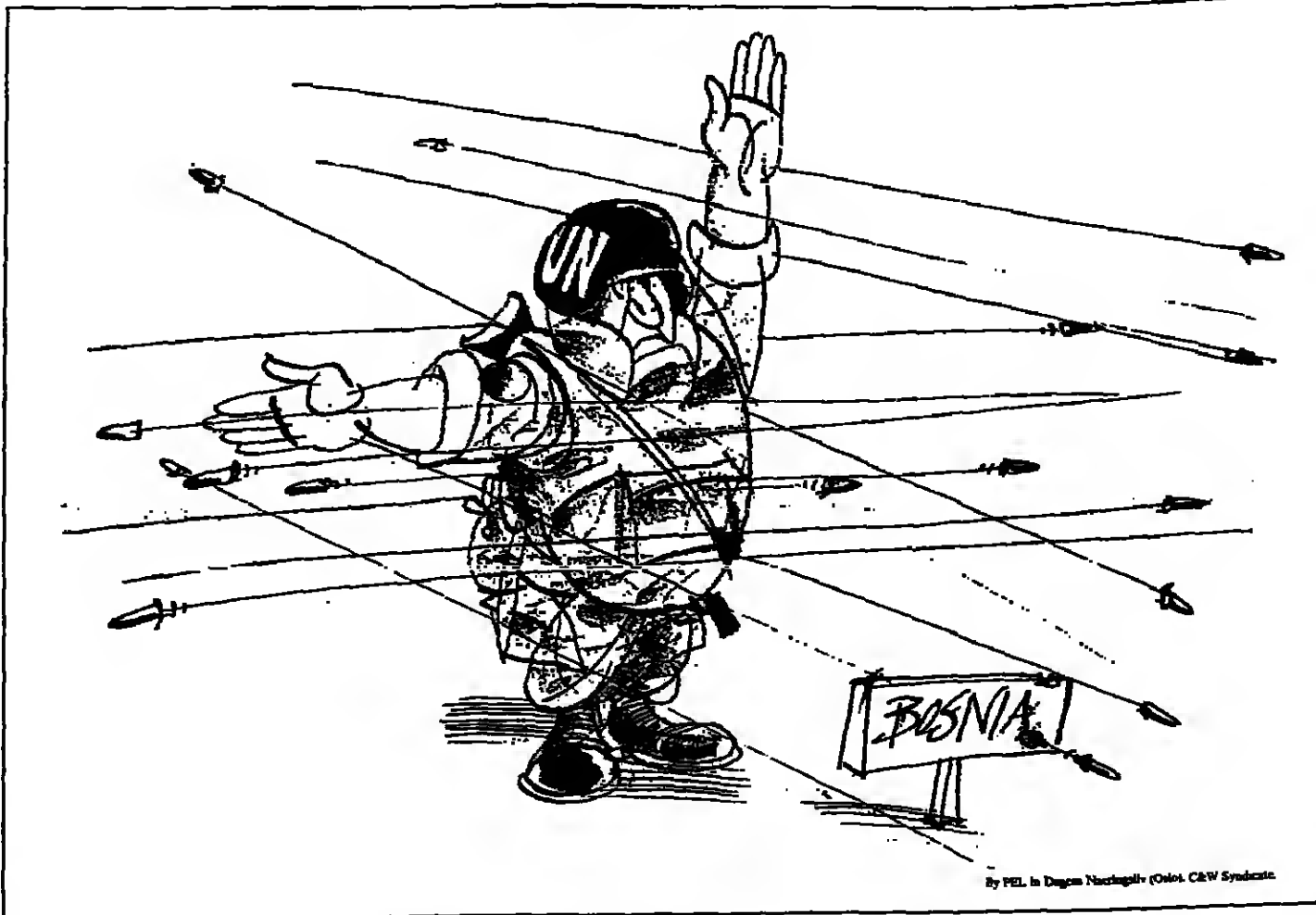
Under such constraints, if France is to get its unemployment down, it may have to ask its currency union partners for a special French exemption from government-borrowing limits. Or — even more boldly — it may have to ask them to make a work-creating transfer of money to France, like the transfers that now take place from prosperous regions to poor regions within a single country.

The problem is that it would be Germany that decided the answer to both these French pleas. And Germany might reply that, in return for such economic concessions, it requires new moves to the political union which it wants but France would prefer to avoid.

This is the maze from which Jacques Chirac is groping for escape. His attempted solution may be to ask Germany's Helmut Kohl for a solid guarantee of German financial help without political conditions. Or it may be, despite the current denials, in ask Chancellor Kohl for a pre-monetary-union realignment of European currencies, a "disguised" devaluation of the franc. A variation of this would be to give the franc a hit more leeway than it has at the moment by linking it to the entire basket of Eurocurrencies, not just the Deutsche mark.

Mr. Chirac is the first French president to enter office since the realities of Europe changed — since Germany suddenly grew so much bigger, and the French showed at the polls their hesitation about union with such a Germany. He knows that the machinery of Europe will not work unless a clear majority of French people reckon it is working to their satisfaction. As he sets out on his difficult dialogue with Mr. Kohl, this is the point he must hammer home. But first he must get the issue clear in his own mind.

INTERNATIONAL HERALD TRIBUNE



Koreas: It's Slow and Painful but the Signs Are Good

By Philip Bowring

SEOUL — Half a step forward, a quarter of a step back. As indicated by the latest U.S.-North Korea talks in Kuala Lumpur, dealing with the North remains tortuous, frustrating and bedeviled by uncertainty over the state of play at the top of Pyongyang's political power structure.

Yet through the mists a picture is emerging that provides grounds for optimism. It offers hope that Korean reunification can be achieved — gradually and peacefully. There will be new alarms as the North drives the hardest bargain it can. But Pyongyang leaders, it appears increasingly, are driven by an instinct for self-preservation, not self-destruction.

As significant as the latest talks on providing the North with nuclear-power reactors was Seoul's decision last week to approve industrial projects in the North by two groups from the South. Though the projects total only \$10 million, they are the first to receive formal approval. One of them, a joint venture by Daewoo to produce apparel in Nampo, has been stalled since 1992. The go-ahead came a week after a successful visit to China by the South Korean prime minister, underlining the importance Beijing attaches to its relationship with Seoul.

The North evidently views the situation on the nuclear front as encouraging; economic contacts will not be seen as a sign of weakness on its part.

For the South, the only way to avoid a traumatic reunification is to develop economic relations; business links will thus be allowed even while official North-South contacts are stalled.

This suggests that Seoul believes that Kim Jong Il is in charge in Pyongyang and that the economic situation, while grim, is not so bad as in the threat of regime. It demonstrates the need of corporate Korea to establish a foothold across the border. And it reflects a desire of the South not to be sidelined at a time when Washington-Pyongyang relations have moved to center stage.

How quickly the North actual-

ly wants to develop economic ties is another matter. That it needs trade and investment there is no doubt. But it is hard to tell how far the North's leadership is prepared to risk "contamination" by too many contacts. It is one thing to invite capitalists from Japan or the West, quite another to admit that the North needs Southern help. Unfortunately for Pyongyang, non-Koreans have scant interest in investing in a country where the cheapness of the labor is more than offset by an inadequate infrastructure.

The North's problem with admitting the South's economic achievements is also a factor in the row over accepting Southern-built reactors. It remains doubtful that the North wants the nuclear plants at all. There are quicker and less capital-intensive

ways of improving the North's desperate power situation. The North may be stalling partly in hopes of exchanging the reactors for some bigger prize.

Pyongyang is almost obsessed with its relationship with Washington. That is why it is raising armistice and peace treaty issues even as the reactor talks continue. The United States rightly insists that there can be no discussion of a treaty without the South's involvement. But all sides seem to be edging toward a deal that would bolster the North's international status, reduce its fears of the United States, and provide cash from Japan and elsewhere to strengthen the economy and stabilize the regime.

That would actually suit the South. Seoul remains concerned about stability in the North.

A gradual coming together may seem unlikely, given the strength of emotions and the lure of Southern prosperity and political liberties. But there is at least a chance that the regime will evolve in Chinese style rather than collapse along East German lines.

There are, doubtless, power plays going on in Pyongyang, but these seem more likely to be personal or tactical, not involving policy fundamentals. Kim Jong Il has kept a very low profile. But most of the old generation of revolutionary fighters is gone. The second generation elite, with Kim Jong Il as first among equals, is tight-knit. It may appear remote and dogmatic. But its members are better traveled and informed than is often supposed. They are in the business of survival, not heroics. And that suits Seoul, Washington and Beijing.

International Herald Tribune

Look Back, And Protect The Baltics

By Valdis Krastins

The writer is ambassador of Latvia in Prague.

PRAGUE — History does not seem very popular among politicians. And yet today, when the long shadows of the past loom over the lives of so many, it would be particularly useful to look at the last 60 or 70 years in Europe, a time of absolutely unexpected twists and turns, and of alliances that would have seemed impossible. The most obvious example of the latter is the unholy agreement between Nazi Germany and the Soviet Union in 1939.

Looking back, this agreement, which shocked so many in Europe, has lost its seeming improbability. It was an agreement between two big powers with even bigger ambitions, attempting and almost succeeding in dividing up the spoils of their future defeat. They began cashing in almost immediately. One could argue that this was a natural follow-up to another agreement that was signed in the heart of Europe a year earlier. Politicians of today, while lamenting the consequences of the Munich agreement, are apt to overlook the arguments used for establishing Germany's "right" to interfere in the internal matters of Czechoslovakia. The main argument was the presumed right to protect the German minority in Czechoslovakia by every means, including military force.

Unhappily, this right was given recognition by the Munich agreement. In the end, the German minority paid a heavy price for such protection.

These arguments and agreements, forerunners of World War II, are often remembered nowadays in the Baltic states. Our big neighbor, the Russian Federation, has deemed it necessary to use similar arguments when talking about protection of Russian minorities in neighboring countries, including the Baltic states.

To make things more complicated, and to make the historical parallel more conspicuous, Russia last month aggravated this trend with an ominous threat to use military force in protecting the Russian minorities, singling out Latvia and Estonia.

The Russians now living in the Baltic states came in during the 50 years of Soviet occupation. One can understand their personal difficulties, and the governments of all three Baltic states have taken on the responsibility to secure their rights according to internationally recognized human rights instruments. After proving their loyalty, Russians shall be given Latvian or Estonian citizenship according to the respective citizenship laws. Russians already make up 17 percent of the Latvian citizenry.

It is a relic of the Cold War that some politicians on the Western side of the former Berlin Wall cannot seem to see the wall lying in ruins, or recognize that Europe is already de-facto reunited. The psychological barrier still exists — one of the more sophisticated and dangerous heritages left by the former Soviet Union. Listening to those politicians one hears echoes from the time of the Munich agreement, mentions of "far away" and unimportant Czechoslovakia. A different outlook in 1938 might have saved Europe from the Nazi-Soviet Pact and its bitter consequences.

Now Latvia and Estonia, two "far away" countries, are exposed to a threat of military force, as we are told by the Russians, "on a theoretical level." It is high time to stop such talk and settle the security problem for the Baltic states through a comprehensive act — perhaps a nonaggression pact between NATO and Russia.

The idea has been floated: it could allay Russian fears while giving the Baltic states a chance to step out of the long shadows of occupation once and for all. There may be other solutions, but they should be debated now, before it is too late. For one would be loath to see my country mentioned in future history books as an illustration of the consequences of not heeding the lessons of European history.

International Herald Tribune

Damaging and Disruptive

The uneasy peace between the Republican Congress and the Democratic administration on international issues is collapsing under a torrent of misbegotten Republican legislation that would seriously damage U.S. interests. The initiatives would disrupt America's relations with China and Russia, shrink an already skeletal foreign aid budget, limit U.S. participation in international peacekeeping, and overturn President Bill Clinton's efforts to establish a more rational Cuba policy.

Mr. Clinton, in threatening to veto the House legislation, overhauled charged that the bill represented "nothing less than a frontal assault on the authority of the president." But the issue is not whether Congress has a legitimate role in the formulation of foreign policy. It surely does, both through control of spending decisions and the power to make laws that touch every area of such policy. The real danger of the legislation is practical, not constitutional.

Mr. Clinton's handling of China is far from perfect. By emphasizing commercial ties, the White House has neglected Chinese political repression and human rights abuses. But the House bill would throw relations into a tailspin by forcing recognition of Tibet as an "occupied sovereign country." With China facing a potentially volatile period of transition after Deng Xiaoping dies, Washington should not be grasping at straws.

American aid to Russia would be cut off under both the House and Senate bills if Moscow fails to cancel the sale of nuclear reactors to Iran. The sale is wrong, and Washington should use leverage to keep Tehran from developing nuclear weapons, but cutting off assistance to Russia hurts the United States more than Russia. The

money Washington invests in dismantling Russian nuclear weapons and developing Russian private enterprise is a direct investment in American security.

Peacekeeping should not be a Democratic or Republican issue. The risks of miscalculation and mismanagement were evident in Somalia, but limiting American participation in more carefully defined UN missions would deprive Washington of a relatively low-cost way of resolving or containing local conflicts.

Angered by Mr. Clinton's decision to end the special treatment of Cubans who flee to the United States, the House bill's authors would reverse the president's new policy of returning those not eligible for asylum to Havana to await normal immigration processing. The Clinton change was overdue, and may prove the first step in developing a sensible relationship with a country that no longer poses any threat to the United States.

Other misguided maneuvers fill pages of the draft legislation, including a plan to slash foreign aid that now accounts for only 1 percent of the federal budget. Has the United States become so self-absorbed that it no longer sees the benefits of devoting a small fraction of American wealth to preventing humanitarian disasters and showing others how better to support themselves?

The House bill looks unstoppable in that chamber. The Senate must restore some sense by discarding or modifying the most damaging provisions. Beyond the legislative front, Speaker Newt Gingrich and the majority leader, Bob Dole, need to temper the partisan warfare before it destroys all sense of national unity in the making of foreign policy.

— THE NEW YORK TIMES

Doing With a Few Less Guns

Nobody quite knows how long the National Rifle Association's backers in the House and Senate will stall in the wake of the Oklahoma City explosion before resuming their effort to repeal the ban on certain assault weapons. So far now that ban, enacted by Congress last year, is still in effect, hampering Americans everywhere who find life almost impossible without these ever-so-effective weapons.

The way the repealers were talking until they paused politely after Oklahoma, the ban stripped people of a vital tool. At least that's what the NRA chiefs say on the days when they are not pointing out how the law only bans 19 types of semiautomatic weapons that have certain combinations of features such as ability to accept detachable magazines or bayonet mounts or pistol grips. It must be tough to be limited to

670 types of hunting and sporting rifles and shotguns, which are explicitly exempted from the ban, or others that, if not listed, may be added to the exempted list.

The members of Congress who do the NRA's bidding will tell you that assault weapons aren't a big factor in crime. But police officers do not believe the dangers one bit. Law enforcement authorities can point out that while semiautomatic weapons make up less than 1 percent of the privately owned guns in America, they accounted for 8.4 percent of all firearms traced in crime from 1988 to 1991.

Perhaps Americans can't go on without those 19 types of weapons. But common sense says that's absurd. And dangerous. Instead of holding off on a repeal effort, the Senate and House should abandon it.

— THE WASHINGTON POST

Making the Most of Voter Distrust

By William Safire

LOS ANGELES — The voters' trust, goes the truism, is the most valuable asset any politician can possess. Image-makers strive to create it; candidates ache to make voters' trust the touchstone of their candidacies.

When a political figure has earned that trust, we are told the public will forgive him diplomatic gaffes, policy blunders, even had luck. An Ike-like "trust me" from the politician with trust's heavenly mandate carries the day.

Forget all that; recast your thinking to fit the campaign of 1996. Senator Bob Dole is proving that voter distrust can be divine; indeed, it is the secret weapon of his candidacy.

Let this counterintuition, signed privately by a presidential aide, illuminate your political landscape: "When people don't believe Clinton, it hurts Clinton; but when they don't believe Dole, it helps Dole."

That's worth deconstructing. After last year's election defeat, when Bill Clinton rushed to call for a tax cut, everybody knew his heart wasn't in it. His middle-class bribe was seen as a ploy to preempt the incoming Republicans; liberals beaped obloquy on his head for selling out, and centrist Democrats knew he was insincere. Result: distrust, derision. Democratic despair.

When the president took a different tack last week, professing that he, too, wanted to balance the budget someday — despite the forever-unbalanced budget he submitted — Republicans hooted at this poll-induced conversion, and Democrats cringed inwardly at this

confirmation of slick-williness. Now look at Mr. Dole. He asserts unequivocally that he is pro-life, suggesting curtailment of federal support of abortion.

Liberals and moderates do not believe him. They know him to be a man of legislative compromise, not an adamant pro-lifer. They figure Mr. Dole has to say anti-choice things to ingratiate himself with the right wing in a Republican primary, but they forgive him because they know if elected, he would move back to the sensible center where most people are.

Curiously, the pro-lifers and the Christian Coalition secretly assume that reversal, too. But they are not high on Phil Gramm and know that Patrick Buchanan cannot win, and judge Mr. Dole better for their cause than Mr. Clinton.

Most important, they like the way Mr. Dole shows their position great respect, saying encouraging things, though not making unkeepable promises.

Thus, neither pro-choice nor pro-lifers trust what Mr. Dole says about abortion — which is a great advantage to him because it alienates nobody.

Same thing with another switcher issue, gun control. The anti-gun crowd listens to Mr. Dole's modified limited support of the National Rifle Association and doesn't believe it. They are sure, once the primaries are over, that of Bob will be back in the middle, and they forgive him his pro-gun noises.

The gun lobby does not trust

his pre-primary support, either. But he does not join in the furious zapping of them, and makes the right obeisances, which they need now. So they pretend to believe his pretense of support; distrust helps him both ways.

Jews, too. The Old Dole was for cutting aid to Israel before it was popular; the New Dole aligns himself with Likudniks in Israel who want the U.S. Embassy moved to Jerusalem, where it belongs, to help ensure the indivisibility of Israel's capital.

Jewish liberals are confident he will revert to a previous mindset if he gets in, and won't be so quick to move the embassy; Israel's rightist supporters are not naive, either, but appreciate Mr. Dole's usefulness now in helping stop the rush to turn over sovereignty of the West Bank and part of Jerusalem to Arabs. Again, universal distrust works to Mr. Dole's advantage.

All this leaves Clintonites gnashing their teeth. The president is held to a different standard; nobody cuts him any slack.

The New Dole's delicious deviousness is welcomed while the New Clinton's flipflopiness is despised. Mr. Clinton, grasping for voters' trust, is damned when he zig-zags left and right, basking in tolerant suspicion, capitalizes on his record as a compromiser.

That's how "divine distrust" works for Mr. Dole and against Mr. Clinton. The only solace I can offer is John F. Kennedy's resigned encapsulation of the Job-like cry against celestial injustice: "Life is unfair."

The New York Times

countries cheaper than we can afford to make them ourselves.

Without imports, the cost of living decently would be far higher. We would have to get along with fewer conveniences, and we would have less money to save.

We buy imports with exports. Writes Mr. Krugman, "The need to export is a burden that a country must bear because its import suppliers are crass enough to demand payment." But if we import more than we export, it is no tragedy. We simply make up the difference by giving other countries dollars. The other countries hold those dollars in U.S. banks or invest them in U.S. assets.

The economist Herbert Stein used this timely example: Japan sells Americans automobiles, and Americans sell Japan "dollar-denominated assets such as Treasury bills and New York office buildings." This is not such a bad deal, especially when the Japanese pay too much for those buildings (for instance, Rockefeller Center).

Yes, exports are beneficial, too, and it is good that the Clinton administration has been pressuring the Japanese. But there are other weapons to use, like cracking down on tax breaks for Japanese companies in the United States, that are not as self-destructive.

Would the Japanese buy more American cars even if they were freely available? No, and for the same reason we Americans don't buy many Japanese computers or watch our own better — which is our privilege.

Mr. Clinton has threatened the Japanese before, but he has gone so far this time that he cannot possibly turn back. It is unlikely the Japanese will back down — the loss of face would be horrendous. So we may soon get a chance to see what a trade war looks like.

The Washington Post

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Wilde Is Convicted

LONDON — To many people the greatest surprise in the Wilde case was the ending thereof. The jury delivered a verdict of guilty on every count in the indictment with the exception of one, and one of the most brilliant men of English letters was sentenced to two years' imprisonment with hard labor. Wilde immediately collapsed, physically as well as mentally.

1920: Berlin Conspiracy

BERLIN — A cry of alarm is being raised by the newspapers concerning a new coup d'Etat now being planned by the "free corps," which, far from being dissolved, continue to recruit ex-soldiers. When the expected Communist rebellion begins, the Reichswehr and irregular troops are to remain as passive as possible in a sort of military strike, in order to give the

rebellion a chance to spread rapidly. Only when hunger and unemployment have gone to the extreme will troops appear as saviors in need, defeat Bolshevism, and as victors establish a new regime.

1945: Franco Challenged

PARIS — The Foreign Affairs Committee of the French Consultative Assembly voted yesterday [May 25] a unanimous resolution asking the French government to propose to the Allies that joint representations be made to Generalissimo Francisco Franco, "urging him" to resign and make way for a Democratic government. The committee charged that the Franco regime had been imposed on the Spanish people by Hitler and Mussolini and that it had "violated the most elementary rules of neutrality by actively siding the Axis powers throughout the war."

Keeping Track of Your Mileage

By Roger Collis
International Herald Tribune

ARE you making the most of frequent flier miles? How do you keep track of mileage thresholds, airline, hotel, car rental and affinity card tie-ins, bonus offers, blackout dates, and expiration deadlines? How do you figure out the right mix of programs for your kind of travel and what exactly you are earning for each program? How do you develop a strategy for acquiring, and redeeming, miles and bonus points?

These are questions that even dedicated mileage junkies are asking as airlines increase the options while tightening the rules. Cross-partnerships between airlines,

The Frequent Traveler

hotels, car rental firms, credit cards and telephone charge cards add up to more permutations than possible moves in a game of chess. As programs proliferate around the world, it's important to know about global as well as regional alliances.

Help is at hand from FFP guru Randy Petersen, 40-year-old editor/publisher of InsideFlyer, a monthly magazine that tracks frequent-flier programs and keeps you up-to-date on changing conditions, and the Official Flyer Guidebook, 483 pages of detailed information on more than 70 airline, hotel, car rental, and card programs worldwide. InsideFlyer International, launched two months ago from Petersen's new London office, is edited specifically for frequent fliers living in Europe, the Middle East, Africa, Asia and the South Pacific.

"We see ourselves as a kind of 'concierge' of frequent-flier miles, helping people with their award redemptions, credits and ongoing problems both through the magazines and the more personalized Frequent Flier Club which we started back in 1987," Petersen says. "We have programs to insure miles against loss if the airline goes out of business, and to extend miles which are about to expire." Petersen claims to have more than 100,000 subscribers in 134 countries.

SINCE membership is free, it makes sense to join the frequent-flier program of any airline you fly. There may be benefits beyond free travel, such as members-only promotions and special offers on certain flights. But try to concentrate on one or two programs so as not to dilute your mileage credits. Otherwise, you may find your miles have quietly expired before you have a chance to win an award.

"You must first prioritize your goals by deciding what you want back from a program, such as the ability to get upgrades from economy to business or first class; if you want to take your family along; if you want a program that has companion tickets or allows you to transfer credits; and where you want to use those awards—for instance, not all programs offer awards to the Far East," Petersen says.

"If I were choosing a program, I'd be very careful to choose one with a variety of partners out there, because if you have to earn an award just by flying, you're going to find yourself on a lot of flights. Most people don't realize that 30 to 60 percent of miles can come from program partners such as hotels and affinity cards. Every time you travel and use a partner airline,

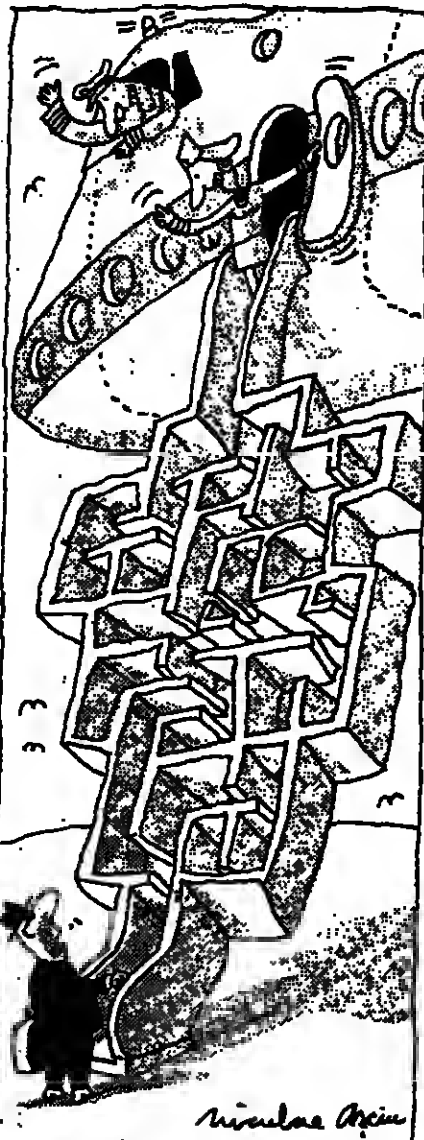


Illustration by Michael O'Brien

hotel, or car rental company, and pay with the right kind of plastic, you increase your chances of earning a reward.

"If you're serious about earning awards, you're probably going to have to change the way you travel sometimes," Petersen says.

Several airlines give extra perks and privileges—such as bonus miles each time you fly, more liberal upgrades, priority waitlisting, special reservations phone numbers and access to a lounge—on very frequent travelers who achieve "elite" status, typically after 30,000 miles flown in one year, which is why it makes sense to focus on just one or two programs.

Some words going for are Delta SkyMiles (Gold Medallion), Northwest WorldPerks (Gold), Continental OnePass (Gold), or American AAdvantage (Platinum), which qualify you for 100 percent bonus miles

whenever you fly, and free upgrades, after reaching 50,000-60,000 miles. "There are not many airlines outside the States that allow you to use miles for upgrades—that's the biggest difference between U.S. and foreign FFPs," Petersen says. "Quite a few people only realize after the event that not all upgrades work the same way. You have to read the fine print. What you should look for is the ability to upgrade from any published fare, not just the full economy/coach fare. There's a big difference in both price and miles. And a big difference between airlines."

FOR European residents, Petersen recommends joining the FFPs of one or more major flag carriers, such as Lufthansa's Miles & More, Air France's Frequence Plus, Swissair/Austrian's Qualifier, or BA's Executive Club. But always look for partnerships with U.S. carriers. American Airlines, which can do a lot for you globally, is the only major U.S. carrier without a European FFP partner.

Lufthansa has probably the most competitive FFP in Europe. Petersen says. "They have an award schedule that'll get you virtually anywhere in the world through their global link with United. And you can redeem and earn on either carrier. They also have a number of lifestyle awards outside of air travel. The idea that you can do something different has a nice ring to it."

Lufthansa has just announced an alliance with SAS EuroBonus, Petersen notes, but adds that you don't really need to belong to EuroBonus, because you can get the same advantages with Miles & More.

The British Airways program is a big one, but they don't have the same number of bonuses that the others do, although this should change soon, Petersen says. BA doesn't allow you to earn miles on discounted fares. But if you have your BA membership in the United States instead of in Britain, you can actually earn miles off any fare, he says.

A lot depends on where you're resident, or have an address—that can be important sometimes if you want to get the most out of an FFP.

BA has USAir as partner and you can actually apply some of your BA miles to the USAir program—and vice versa—to redeem an award. But you can't earn and redeem miles with either carrier. This is the same with Northwest and KLM, the only European FFP that doesn't allow membership outside of Europe. Air France has a program available in the United States with a variety of partners.

"But if I were living in Asia, I'd join a U.S. rather than an Asian program," Petersen says. "My choice would be either United's or Northwest's program because they are truly global and operate many intra-Asian services. I might join BA's Global Program. JAL's program is very limited for those living in Asia; I like Thai's Royal Orchid Plus program. They are into an arrangement with United. If that shapes up as a full partnership where you can earn and redeem on both carriers, Thai's program will become a major player. They already give credits on all fares, and elite level members (after 50,000 miles) get a free confirmed upgrade on any round-trip flight on Thai Airways."

InsideFlyer International Edition, 2418 The Cedar Centre, 189 Munster Road, London SW6 6AW; Tel: 171-385 6412; Fax: 171-386 9421.



Mitsubishi Carisma
\$19,000 to \$28,000 (likely).
Engines: 1597 cc (90 bhp), 1834 cc (115 bhp), 1834 cc twin cam (140 bhp).
Five-speed manual gearbox, front wheel drive.
Maximum speed (1.6 version): 112 mph, 0-100 kph (62 mph) in 12 seconds.
Average fuel consumption: 7.8 liters per 100 kms.

The Carisma: What's in a Name?

By Gavin Green

THE Japanese are experts at giving good cars silly names. We've had the Nissan Cedric and Gloria, and the Mazda Bongo Brawny van. The new Mitsubishi Carisma is another example of the Japanese enthusiasm for English getting the better of their expertise of it. It was a name resisted by the British importers. But the Japanese know best—arrogance, the bane of many a Western car importer, won through and now Mitsubishi's new European-made sedan will be targeted by most young schoolchildren as a mobile spelling mistake.

It may also be a business mistake, for Mitsubishi hopes to sell 100,000 Carismas a year. It hopes to increase its sales penetration by 50 percent, a very ambitious target.

It has such high hopes because, unlike all previous Mitsubishi sold in Europe, this one is locally made—at the NedCar factory in Borne, Holland, as part of a collaborative venture with Volvo and the Dutch government. The Dutch offered Mitsubishi juicy incentives to set its European home in Holland. The NedCar factory, previous home of the Volvo 300 and 400 series (and before that the old DAFs) has been rebuilt, not only to house the plant for the new Carisma, but to produce a new Volvo that eventually will supplant the 400 series as Volvo's cheapest model.

The Volvo—code-named the V40—and the Carisma share much more than homes. Both Ford Mondeo-sized cars, they share much under skin componentry. The Mitsubishi goes on sale in the Netherlands in June; the rest of Europe follows throughout the year. The V40 Volvo, said to be much more daring in its styling, makes its debut at the Frankfurt Show this Septem-

ber, with sales starting early next year.

Mitsubishi has won a reputation in Europe for conservatively styled cars, big on reliability and resale value, but short on driving flair. The Carisma, despite its upbeat name, conforms to the stereotype. It's rather like a four-wheeled version of a Mitsubishi TV set or fridge: bound to be reliable, easy to use, handsome in a non-descript sort of way, but offering as much pleasure for the user as setting your washing machine to the spin-dry cycle. It's an appliance, not a mechanical companion, which is precisely what most Mitsubishi customers apparently want.

Toyota and Nissan tried the same trick when they launched their British-built Mondeo-rivaling Carina E and Primera models in Europe. Both have been flops. It seems that Europeans want some flair from their cars, not just the ability to drive and arrive. At least the Carisma looks better than the Nissan and Toyota. The rear-end styling is particularly pleasing: a nice synthesis of pleasing upright tail lights, softly folded sheet metal and a handsomely shaped rear window.

Inside, there's the usual mix of drab monochromatic greys and blacks with which most carmakers are obsessed. The rear seat serves up good space for the class, although the backrest feels a bit upright to be a comfortable resting place for long drives.

There are three engine choices: a 1.6, a 1.8 and a gussier 1.8 twin-cam. The 1.6 and 1.8 both feel too raucous; I'd pick the smoother, albeit slower, 1.6. The twin-cam is much livelier, but pricier and thirstier.

To boost Mitsubishi's European content up to the magic 85 percent mark needed to get Japanese-skeptical French and Italian governments off their backs, the Carisma uses Renault gearboxes. One of the secrets of Mitsubishi's ease-of-driving, over the

years, has been its simple-shifting gearboxes. The Renault "box" isn't as good: it needs a bit more precision and more effort to master. Optional is Mitsubishi's own automatic gearbox, an excellent four-speeder based on Mitsubishi's existing "fuzzy logic" transmission. It is probably the smoothest shifting auto in its class.

THE handling is safe and tidy, but lacks the marvelous fluency and sharpness of the better Peugeot or Citroens. Ride quality is O.K., but, again, one of the better French sedans will mask road irregularities from passengers more skilfully. A Mondeo will too.

So what we're left with is a worthy if rather characterless car, eye-catching rump notwithstanding. It's also clearly the most important car Mitsubishi has launched in Europe, and represents a sizable gamble from a maker that has prospered from recent caution, when the likes of Nissan and Mazda have been overdoing on new models and new plans, only to have the recent recession ruin the party.

At the end of the day the likely top-drawer manufacturing quality, for which Mitsubishi is renowned, ought to see the Carisma through to a successful result. Mitsubishi actually went to the trouble of designing, building and then assembling the production line in Japan, before shipping it out to Holland and reassembling it, to try to ensure that Dutch Mitsubishi is as good as the Japanese ones.

The funny name, we'll just have to get used to. A Carisma built by NedCar using a fuzzy logic transmission must set some sort of record for incomprehensible Double Dutch, even from a Japanese carmaker setting up shop in Holland.

Gavin Green is the editor of Car magazine.

THE ARTS GUIDE

ARGENTINA

Buenos Aires
Teatro Colon, tel: (1) 362-3289. The second cycle of the Mozartean Argentina includes performances of works by Richard and Johann Strauss (June 7).

BELGIUM

Brussels
Musée d'Art Ancien, tel: (32) 508-32-11, closed Mondays. To June 25: "Georges Lemmen: 1865-1916." An ensemble of graphic works by the Belgian artist, exhibited together for the first time since his death.

Torvuren
Musée Royal de l'Afrique Centrale, tel: (2) 789-52-11, closed Mondays. Continuing/To Nov. 26: "Tresors Cachés du Musée du Torvuren." More than 250 masterpieces of African art including masks, ancestral statues and figurines.

BRITAIN

London
Barbican Hall, tel: (171) 638-8891. The London Symphony Orchestra continues to celebrate its 80th birthday with concerts conducted by André Previn, with Gill Shaham, violin (June 8), Cheryl Studer, soprano (June 15 and 18) and Tim Hugh (June 15).
Hayward Gallery, tel: (171) 928-8800. Continuing/To Aug. 13: "Landscapes of France: Impressionism and its Rivals."
Tate Gallery, tel: (171) 887-8000, open daily, to Sept. 10: "Turner in Germany." In the decades following Napoleon's defeat at Waterloo in

1815, Turner traveled extensively in Germany, recording these tours in thousands of detailed pencil sketches, watercolors and oil paintings. More than 100 of these works are displayed.
Victoria and Albert Museum, tel: (171) 933-5441, open daily, to Sept. 3: "Japanese Studio Crafts: Tradition and the Avant-Garde." From large fibrework installations to timeless tea ceremony ceramics, this display reflects the diversity and sophistication of current craft production in Japan. Includes the works of 130 craftsmen working with lacquer, glass, textiles, ceramics, acrylic, wood, bamboo and metal.

CANADA

Montreal
Musée des Beaux-Arts, tel: (514) 285-20-00, To Oct. 15: "Beauté Mobile." An exhibition dedicated to luxurious objects of desire which have become an art form in themselves. Includes 50 cars from private collections in Europe, the United States and Canada.

CHILE

Santiago
Teatro Municipal, tel: (2) 671-2900. "Las Cortes d'Hoffmann," directed by Hugo de Ana, conducted by Michelangelo Veltri, with Chris Merritt, José Van Dam and Mary Mills. June 14, 17, 19 and 22.

FRANCE

Paris
Centre Georges Pompidou, tel: (1) 44-78-12-33, closed Tuesdays. Continuing/To Aug. 21: "Constantin

Brancusi." Musée d'Art Moderne, tel: (1) 40-70-11-10, closed Mondays. Continuing/To Sept. 17: "Chagall, les Années Russes, 1907-1922." Musée Dapper, tel: (1) 45-00-01-50, open daily, to Sept. 25: "Au Fil de la Parole." Sub-Saharan Africa shows focuses on fabrics used for clothing, barto and ceremonial rituals in various West African cultures.
Opéra Bastille, tel: (1) 43-43-98-96. Bellini's "Les Capulets et les Mortuaires," directed by Robert Carren, conducted by Bruno Campanella, with Jeffrey Wells, Cecilia Garcia and Jennifer Larmore. May 30, June 3, 5, 9 and 12.

GERMANY

Berlin
Martin-Gropius-Bau, tel: (30) 324-50-78. Continuing/To Aug. 4: "The Twentieth Century: The Age of Modern Art." A critical assessment of the phenomenon of Modernism in art.

Hildesheim
Roemer- und Pelizaeus-Museum, tel: (5121) 920-90, closed Mondays. To Aug. 12: "Die Fürstliche Tafel." An exhibition of a baroque silver service belonging to Bishop Friedrich Wilhelm von Westphalen and designed by Augsburg silversmiths.

LUXEMBOURG

Castro Luxembourg, tel: (352) 22-50-45, closed Mondays but open June 5 to July 3: "Swinging Sixties. Sparkling Nineties." 100 paintings, sculptures, drawings and photographs dating from the 1960s. Includes works by Cesar, Acharinsky, Vasarely, Adams, Opie and Gerousta, among others.

NETHERLANDS

The Hague
Het Paleis, (70) 338-11-11, closed Mondays. To June 25: "Hungarian Masters of the 19th Century: Paintings from the National Gallery in Budapest." Following the 1848 Revolution, Hungarian artists such as Munkacsy, Pászthy and Mészáros no longer followed the artistic trends of Vienna but rather those of Paris.

PORTUGAL

Lisbon
Centro Cultural de Belem, tel: (1) 261-30-06, closed Mondays. To Oct. 8: "Aroma: Versus Versus über den Geruch." This fourth exhibition about the senses examines the powerful effect of human smell on perception and the connection between fragrance and design.

SPAIN

Barcelona
Centre de Cultura Contemporània, tel: (33) 412-0781. To July 23: "Joyce's Dublin." The first in a series entitled "Cities and Their Writers," this exhibition documents Joyce's visit to Dublin, but also how he "reinvented" the city, by making it one of the strongest literary metaphors of modern times.
Fundació La Caixa, tel: (3) 404-8073, closed Mondays. To July 30: "Postwar Europe, 1945-1965: Art After the Flood." A survey of European art after World War II, including more than 500 works by 270 artists from 16 countries. Includes paintings, sculptures, architectural drawings, projects and models, as well as photographs. The exhibition will travel to Vienna.

SWITZERLAND

Basle
Museum für Gestaltung, tel: (61) 261-30-06, closed Mondays. To Oct. 8: "Aroma: Versus Versus über den Geruch." This fourth exhibition about the senses examines the powerful effect of human smell on perception and the connection between fragrance and design.

UNITED STATES

New York
Guggenheim Museum, tel: (212) 462-38-40, closed Thursdays. To Sept. 17: "Georg Baselitz." Spanning three decades of the German Neo-Expressionist artist's career, this exhibition includes approximately 100 paintings and several sculptures.
Museum of Modern Art, tel: (212) 708-94-00, closed Wednesdays. May 25 to Aug. 22: "Mutant Materials in Contemporary Design." Highlights the evolution of materials that have revolutionized the culture of design. Features more than 100 objects and prototypes of the last 100 years in glass, plastic, rubber, foam, wood, metals and ceramics.
Corcoran Gallery of Art, tel: (202) 638-32-11. To Aug. 7: "Avant-Garde Photography: 1910-1945." A glimpse at avant-garde photography in Europe and the United States during the years following the publication and acceptance of pictorial photography. The exhibition includes works by Eugène Atget, Brassai, Hans Finsler, André Kertész, Man Ray and Piet Mondrian.
National Gallery of Art, tel: (202) 842-5553, closed Sundays. To Aug. 20: "James McNeill Whistler." A display of 84 works by the American

expatriate, including his realist seascapes, genre scenes, innovative experiments with Japanese motifs, portraits and intimate sketches.
Textile Museum, tel: (202) 667-0441, open daily, to Sept. 3: "From the Land of the Thunder Dragon: Textile Arts of Bhutan." The art of weaving, practiced by more than 80 percent of Bhutanese women, reveals complex patterns, bold colors and material, and the use of textile to adorn Buddhist shrines and temples.
National Museum of African Art, tel: (202) 357-2700, open daily, to Sept. 4: "Ancient Nubia: Egypt's Rival in Africa." The Nubian and Egyptian civilizations which flourished along the Nile river are the two oldest known in Africa. This exhibition displays 300 Nubian objects dating from 3100 B.C. to 400 A.D.

CLOSING SOON

On May 28: "Ukiyo-E: The First Japanese Prints." Rijksmuseum, Amsterdam.
On May 28: "Gustave Callot: Urban Impressionist." The Art Institute, Chicago.
On May 28: "Ars 95 Helsinki." Museum of Contemporary Art, Helsinki.
On May 28: "Alexei von Jawlensky, 1884-1941." Musée Rath, Geneva.
On May 28: "Allen Jones: Graphic Retrospective." Barbican Center, London.
On May 29: "After Auschwitz: Installations." Imperial War Museum, London.

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On June 12th, the IHT will publish a Special Report on

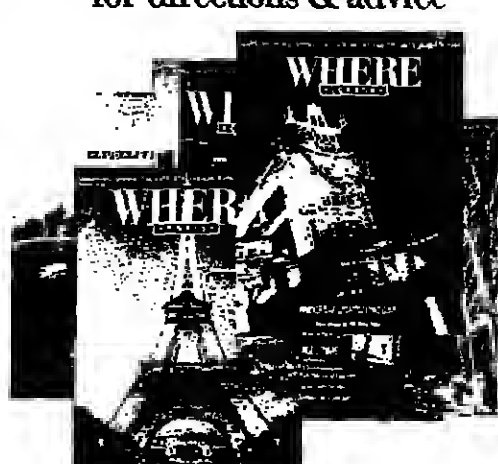
AVIATION

- Among the topics to be covered are:
- Commuter aircraft — shaking up the short-haul industry.
- Strained air-traffic control systems.
- Strong sales of business jets.
- Japan's growing role in the aviation industry.
- Privatization of state-owned airlines.

This report coincides with the Paris Air Show, Le Bourget, June 11-18. For further information, please contact Gill Mahler in Paris at (33-1) 41 43 93 78 or fax (33-1) 41 43 92 13.

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INTERNATIONAL

Under a Shiny Surface, Kuwait Remains Shattered by War

By Nora Boustany
Washington Post Service

KUWAIT CITY — Behind the restored glitter of Rolls-Royce showrooms and swank shopping malls offering everything from designer clothes to bagel chips, Kuwait still suffers from the trauma of Iraqi occupation.

During seven harsh months, from August 1990 through February 1991, captivity, torture and rape lodged in the national psyche. The effects are still visible throughout this wealthy oil sheikhdom at the top of the Gulf.

Kuwaitis who yearned for a fresh start after liberation by a U.S.-led coalition force on Feb. 26, 1991 — and for drastic political reforms by the ruling Sabah family — have seen their hopes go unmet.

Just as significantly, perhaps, Kuwait's abandonment by the Palestine Liberation Organization and Jordan, among others in the Arab world, during the occupation remains a source of deep national bitterness.

"For seven months there was no Kuwait. We didn't exist," said Abdullatif Hamad, head of the Kuwait-based Arab Fund for Economic and Social Development, a regional group that deals with Arab countries.

"The skin is very tender, and Saddam Hussein is still there," he said.

Mr. Hamad headed the Kuwait Fund for Arab Economic Development, which he helped found,

until 1981. Jordan, Sudan and Yemen and the PLO were major beneficiaries before they took the Iraqi side during the Gulf crisis. Since 1990, the Kuwait Fund has suspended all assistance to the three countries and to Iraq.

In previous years, the aggregate of loans and grants pledged and approved in Jordan was about \$450 million, of which Jordan had received about \$28.5 million. According to Kuwaiti officials, the PLO had received grants worth several billion dollars directly from Kuwait's Finance Ministry, but all aid dried up after Iraq invaded Kuwait.

In the anger that arose as a result of the PLO's sympathy toward Iraq during the crisis, Kuwait has forced out thousands of the Palestinians who once helped make the country work, cutting the number of Palestinian residents from 400,000 before the Iraqi invasion to 50,000 now.

The euphoria with which Americans were greeted by Kuwaitis, some of whom named their babies "Bush" or "Baker" four years ago, after the American president or the secretary of state, also has given way to malaise.

"The pro-American feeling among ordinary people came out of a nightmare," said Adnan Abdel Samad, an Islamic militant in the National Assembly. "Now the hangover is gone, and people see more clearly. It is all a matter of interests."

"A lot of people are saying: 'Where is the money now?'" he added.

Kuwait began a \$12 billion arms procurement

program in 1992 that is to last until 2004 and is intended to make sure the country can defend itself if faced with another Iraqi invasion.

But the spending is not catalogued in detail for members of Parliament, giving rise to what the sociologist Khaldoun Naqib called a nagging feeling that Kuwait has an army so that its defense purchases can be a source of bribes, contracts and kickbacks.

"The problem is with us, not with the Americans," he said.

The rural population and the *bidoons*, Arab refugees who are not eligible for Kuwait citizenship, form the bulk of Kuwait's police and defense forces. Defense Ministry officials say the armed forces are 20,000 strong.

But Western diplomats and other Kuwaitis say the army has a little more than 15,000 men, 55 percent of whom are *bidoons*, and at least half as many who are rural tribesmen.

Bidoons — the word means "without" — can work without residence permits and there are about 160,000 of them. Defense Minister Ahmad Al-Humoud said that the number of *bidoons* in the army now is about half what it was before the invasion, and that they make up about one-fourth of the armed forces.

Nonetheless, their presence in the military has raised questions about how the country might respond in the event of another crisis — particularly given its slack resistance when Iraq invaded.

"How much can you expect out of your troops, to keep Iraqis out of town?" a Western ambassador said. "The bidoon issue is not going away. National security is achieved by Kuwait-izing them and giving them a stake in the nation."

"I wish these ordinary people would go and enroll themselves in the army," Information Minister Saad Nasir said indignantly from behind his large desk. "They can get an easy job in a ministry."

"The army is in dire need of men," he continued. "We are about to receive M-1A2 tanks, and we are short of staff."

Very few of the country's young men responded to a 1991 draft, and now the army command is thinking of increasing salaries to attract more Kuwaitis, Mr. Humoud said in an interview.

Many who lived through the hardships of Iraqi occupation received no recognition from the ruling Sabah family when it returned from exile, despite having played key leadership roles in trying circumstances.

"People risked their lives and got nothing," said a disgruntled intellectual, talking about friends who had emerged as community leaders, had been put into Iraqi jails and then had been ignored by the returning leadership.

"The government was more afraid of the Kuwaitis who endured tragedies to keep the country running than they were of the Iraqis," said a Kuwaiti housewife named Awwaf.

Blackjack Windfall: A Timely \$20 Million

Agence France-Press

SYDNEY — Australia's richest man, Kerry Packer, who lost \$3.8 million in a gold bar bet from his office safe three weeks ago, has spectacularly recouped his losses with a \$20 million blackjack win in Las Vegas, media reports said.

Mr. Packer, rated among the world's top 10 gamblers, is reported to have struck it lucky during a recent evening at the MGM Grand Casino in Las Vegas. Both the casino and Packer associates have refused to comment.

Britain's Daily Telegraph said eight blackjack tables were cleared to give the media tycoon "elbow room" with the stakes at more than \$230,000 a hand.

When Mr. Packer left the casino, he tipped every staff member \$2,300, a gesture that cost him \$86,000 of his winnings.

The windfall is just another in a long line of betting coups by Mr. Packer.

In 1992, he won \$7 million at the Las Vegas Hilton and last year he left the Grand about \$14 million richer. In 1990, he took away almost \$3 million from the Clermont in London.

The police are still searching for those responsible for the gold heist at Mr. Packer's Sydney headquarters over the weekend of April 29-30.

They said that thieves broke into the building without triggering its security system, gained entry through three doors, used a gas torch to cut open Mr. Packer's safe and carted the bullion haul away on a trolley.

GOLAN: Peres Is Hopeful

Continued from Page 1

plique what is expected to be a difficult campaign for the prime minister.

Opinion polls show that most Israelis oppose handing back all of the heights, and nearly two generations have grown up with the territory in their country's hands.

But Mr. Rabin, who has promised to put any Golan agreement to a popular vote, seems convinced he can win a majority for any deal he eventually strikes, and perhaps in the process improve his re-election chances.

Statements like those on Thursday by Mr. Peres seem designed to prepare Israelis for the possibility of momentous change.

Even Mr. Rabin, who is far less expansive than his foreign minister, joined the effort in a radio interview, praising the Sinai withdrawal, which was completed in 1982, as a bold move "whose positive fruits we are still enjoying today."



Shimon Peres addressing a Labor Party forum Thursday in Tel Aviv on a pact with Syria.

Israel Is 'Surprised' by Vatican Remarks

The Associated Press

JERUSALEM — Israel was "extremely surprised" by a Vatican envoy's harsh criticism of Israeli society, including complaints about growing hostility toward Christians, a government official said Thursday.

The Vatican representative, Andrea Di Montezemolo, made the remarks after an Israeli soldier sprayed a Jaffa church with automatic fire earlier this week and told a court it was his duty as a Jew to destroy symbols of idol worship.

The envoy told the Italian newspaper Corriere della Sera

that the shooting was not an isolated incident but pointed to a deeper problem in Israeli society.

"There is a need to combat the sentiments of intolerance and hostility toward all non-Jews that is increasingly diffused in the Israeli population," the Vatican representative told the newspaper Wednesday. "Israelis cannot continue to ask the church to condemn anti-Semitism and then do nothing against the local anti-Christian sentiment."

The unusually harsh words pointed to a first bump in the

budding relations between Israel and the Catholic Church.

Israel and the Vatican established diplomatic relations in December 1993, ending centuries of uneasy relations between Jews and the church. As part of the agreement, the Vatican acknowledged its role in the persecution of Jews and pledged to fight anti-Semitism.

An Israeli official said Israel was "extremely surprised" that the Vatican would "use an incident, deplorable as it may be, to make general remarks about Israeli society as a whole."

DOLE: 'Tough Balancing Act' as Senate Leader and Presidential Candidate

Continued from Page 1

dustry in the language of a cultural conservative, accusing it of espousing "loveless sex" and of operating "in a moral vacuum."

Mr. Dole also has reached beyond conservatives to other groups, recently bidding for Jewish votes by introducing legislation, which he previously shunned, to move the U.S. Embassy in Israel to Jerusalem from Tel Aviv.

"The Senate has become the site of the first Republican presidential primary," said the minority leader, Thomas A. Daschle of South Dakota.

After years as the consummate Washington insider, master of legislative arts and skilled deal-maker, the 71-year-old Mr. Dole — who has prowled the corridors of power in the Capitol for 35 years — has turned into a crusader, an agent for change, a man of beyond-the-Beltway vision.

Mr. Dole's challenge is to pass the ideological litmus test that many Republican conservatives require for their presidential candidate, while running an institution that is built on compromise. Reluctant to give up one job to get the other,

he is trying to do both, even when they work at cross-purposes.

But when he pushes the Senate beyond its limits, as he has done several times recently, Mr. Dole risks trampling all over his strongest point: his reputation as a leader who can make things happen.

And always looking over Mr. Dole's right shoulder is Senator Phil Gramm of Texas, a conservative rival for the nomination who loves to draw clear ideological lines, especially ones that put Mr. Dole to his left.

Mr. Gramm's allies have delighted in watching the majority leader maneuver to keep from being outflanked by the wily Texan.

At one point, Mr. Gramm suggested it would be Mr. Dole's fault if tax cuts were not included in the budget, although Mr. Gramm's crushing defeat on the tax issue Tuesday took some of the edge off that attack.

Mr. Dole takes umbrage at suggestions that the presidential campaign is driving the Senate agenda, saying he has taken great pains to separate the two. "The press is speculating that everything's based on presiden-

tial politics," he said in an interview, "but I think if my colleagues saw that happening they'd be upset."

He has always had a conservative record, he noted, and is doing nothing more now than push as hard as he can for the agenda upon which the Republicans were swept into Congress last year.

"I think people expect us to try," he added. "If we didn't try at all, I'd be roundly criticized — Bob Dole is timid, or whatever."

"It poses a real conflict for him," said Senator Christopher J. Dodd of Connecticut, chairman of the Democratic National Committee. "His ultimate problem is that he's good at what he does and he's denying the very quality that could make him a good president, if he ever gets there."

Some well-wishers say Mr. Dole can satisfy suspicious conservatives by trying and failing, so long as he can blame his failures on a balky Senate or obstructionist Democrats.

"He can say, 'I didn't compromise, we just didn't have the votes. I got what I could get,'" said Robert E. Lighthizer, a

longtime Dole aide and campaign official.

But others see risks. "If he shapes a piece of legislation that looks as though it's the best we can do, then fine," said Senator John S. McCain 3d, Republican of Arizona and a Gramm backer. "But it won't be fine if the legislation is so fraught with compromise that people feel they've been abandoned."

Mr. Dole could solve the problem by stepping down as majority leader.

But he would lose the forum that elevates him above all his rivals and, when things go smoothly, showcases his leadership skills.

"The longer he stays as leader the better it is for him," said Senator Judd Gregg, Republican of New Hampshire and co-chairman of the Dole campaign in New England. "Republicans are looking for someone who can lead, and he's showing his capacity to do so in running the Senate."

Besides, Mr. Dole, who was disappointed in two previously unsuccessful tries for the presidential nomination, clearly does not want to shut the door on returning to his Senate post if he fails again.

To Russians, With Love: A Cold War Taboo Dies

Reuters

MOSCOW — The United States has lifted its Cold War curb on sleeping with the enemy, allowing its diplomats to have "intimate or romantic relations" with Russians.

"The prohibition which formerly restricted employees of the mission from establishing intimate or romantic relationships with Russians has been revoked," a U.S. Embassy spokesman said Thursday. "This is a Washington decision, and it applies worldwide."

He said Russia was the last state of the former Soviet Union still subject to the restrictions on relationships with local citizens.

But the spokesman said members of embassy staff working in especially sensitive work would still face curbs on relationships with Russian citizens. This included the U.S. Marines who guard the embassy complex and are responsible for security.

BOSNIA: NATO Bombs Ammunition Dump Near Serbs' Headquarters

Continued from Page 1

and Defense Secretary William J. Perry. It underscored the current U.S. policy of engaging in diplomatic talks with the Serbian leadership in Belgrade while attempting to weaken and isolate the Bosnian Serbs in Pale.

The raid also suggested that the United Nations, confronted by the choice of adopting a tougher stance or withdrawing from Bosnia, has opted for the former course, at least for now.

"I welcome the decision of the United Nations and NATO to launch air strikes today against a Bosnian Serb ammunition site following the violence of the past several days in and around Sarajevo," Mr. Clinton said in a statement.

In what appeared to be a warning, the president added: "I hope that today's air strike will convince the Bosnian Serb leadership to end their violations of the exclusion zone and comply with their other agreements with the United Nations."

An 80-kilometer "exclusion zone" around Sarajevo, from which all heavy weapons were banned, was established by a NATO ultimatum in February 1994. But

it has been steadily eroded to the point where Sarajevo once again lives in terror and isolation, subjected to regular shelling that has killed dozens of people this month and pushed weary civilians off the street.

The request for Thursday's attack came from Lieutenant General Rupert Smith, the British commander of UN forces in Bosnia, after Serbs failed to return four guns taken from UN weapons-collection points in recent days. The Serbs had been given until noon local time on Thursday to give back the weapons.

A further ultimatum from General Smith obliges the Serbs and Bosnian government forces to hand over or remove all heavy weapons within the 20-kilometer radius of the city by noon Friday.

Officials traveling with Mr. Perry in Budapest said the mission was carried out by four American F-16s, two F-15s, two EF-111 electronic-warfare aircraft, one HC-130 refueling aircraft and two search-and-rescue planes. Two Spanish F-16s, one Dutch F-16 and a French Mirage also took part, they said.

Lieutenant Colonel Janice Witt, a spokeswoman for NATO's Southern Com-

mand in Naples, declined to give details of the aircraft used. But she said the bombing itself was carried out by six fighters.

In the past, the Serbs have responded to even pinpoint NATO strikes by taking UN personnel hostage. It seemed likely that there might be some similar reprisal over the next few days, but the United Nations did not immediately report any problems.

Radoslav Karadzic, the Bosnian Serb leader, said this week that an air strike would turn the UN peacekeeping forces into "enemies."

The attack came after a period of weeks in which American resolve to be forceful in Bosnia has abruptly increased as the possibility has loomed that the United Nations, humiliated and increasingly powerless, might have to withdraw. Such a withdrawal would almost certainly involve the deployment of U.S. soldiers on the ground.

Admiral Leighton Smith, the NATO commander in charge of the air strike, said he hoped the attack would drive home the message to the Serbs that the shelling of Sarajevo will no longer be tolerated.

"The signal I hope to send is that we don't want to do this any more," he said.

DOLLAR: Data Pound Currency

Continued from Page 1

the numbers "show a vulnerability that wasn't there before."

The Fed, of course, can always start lowering interest rates to invigorate the economy. But such cuts were exactly what worried stock and currency markets. An economy growing at a rate of perhaps only 1 percent, Mr. Kahan said, is vulnerable to any unforeseen shock ranging from a trade war with Japan to a spike in oil prices.

Fears of lower interest rates also tipped the dollar down on currency markets, "which now are pricing in the risk of recession," said Avinash Persaud, a

foreign exchange analyst at J. P. Morgan in London.

In addition to its declines against the yen and the mark, the dollar slipped against most other major currencies Thursday. It fell to 4.9680 French francs, from 5.1140 Wednesday, and to 1.570 Swiss francs, from 1.6000. The British pound rose to \$1.6080 from \$1.5743.

Mr. Persaud regarded the dollar's declines Thursday as overstated and sided with his bank's forecast of a pause leading to slower and more sustainable growth.

But he also warned: "There is not any sound methodology in the foreign exchange market."

BEIRUT BLUES

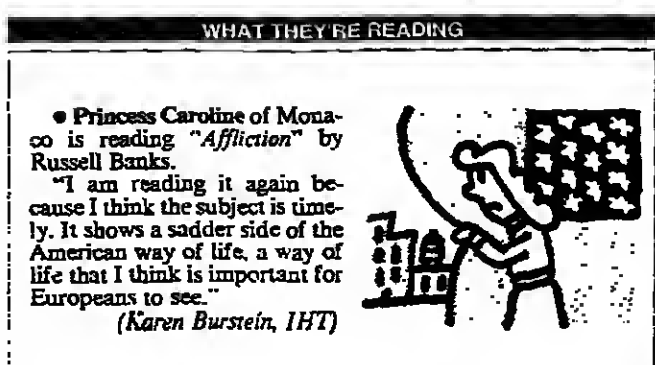
By Hanan al-Shaykh, 279 pages. \$14.99. Chanto & Windus.

Reviewed by John K. Cooley

COME with me to the Lebanon you don't know anymore. This is Hanan al-Shaykh's invitation to two friends, written in her hand on the title page of "Beirut Blues."

Accept her invitation, and you'll be plunged into the bewildering splendor and squalor of Lebanon, sometimes at peace, but mostly at war with itself. If you, the reader, have lived, loved, worked, fought or simply survived during Lebanon's time of troubles, you should find meaning as well as memories in this book. Others will find meaning, too, but also many questions.

Until his successor arrives, "Beirut Blues" will stand as the third book of a powerful trilogy about people subjected to the traumas generated by the violent interaction between the West, the Arab world and the slowly decomposing, multi-sectarian Lebanese society caught in between. This society, somewhat like that of a Bosnia caught up in an equally savage war in Europe, was once, although tribal and patriarchal, rather tolerant and liberal in relationships between the various religious sects, as well as be-



tween the sexes and the old and the young.

"Beirut Blues" brilliantly translated from Arabic by Catherine Cobham, continues the author's fascination with her old themes: how people, especially women, behave under pressure from war, mindless violence and enforced social constraint.

Hanan al-Shaykh is a Lebanese Shia Muslim who sharpened her writing talent on Beirut's leading newspaper, "Al Nahar."

In "Beirut Blues," as in the two preceding books, her narrator is a free-spirited woman, with the rather exotic name of Asmah. With her friends, her relatives and the other players, benign and malevolent, on the stage of wartime Lebanon, she strives to recapture the good life the war destroyed.

She longs for the old Beirut, where one could, within pre-

vailing Christian or Muslim social constraints, choose one's way of life, friends, and adventures or follies.

Beirut, a "demons' playground," as Asmah describes it, appears like a kind of giant screen. She projects onto it, and into her epistolary narrative, a moving panorama of its street fighters, barricades, hostagetakers, welcome and unwelcome foreign intruders — Palestinians, Israelis, Iranians — and the dissolution of its society.

Asmah's first letter, to a woman friend, is partly about trying to piece together human relationships the war has shattered, like a mosaic of picture tiles smashed by some exploding shell or bullet, which she asks an antique dealer to repair.

In other letters, including one to Jill Morrell, the girlfriend of John McCarthy, a British hostage held in Lebanon, com-

paring her own fate as a hostage to the daily senseless routine of war, Asmah refers to her Palestinian lover. He is Naser, who has been forced to depart Lebanon, as were thousands of other Palestinians and their allies, after the Israeli siege of the summer of 1982.

In her letter to Naser, now in exile, she evokes the sometimes frantic efforts of ordinary people to continue to lead ordinary lives, or gilded ones in some cases, between the grocery store, the hairdresser and the schoolroom, while the militias

and foreign troops fight it out, bombing and murdering.

Asmah writes to her idol, the singer Billie Holiday; Asmah's proud, philosophical grandmother; her Francophone Lebanese writer-lover, Jawad. She addresses the land of Lebanon, itself. In her native south, the old feudal landlord system is dissolving, as the armed bands, the foreign soldiers and the drug cultivators and pushers invade and put an end to the old pastoral life.

Asmah even writes a letter to the war. She says she cannot

address it as "My Dear, since I don't understand you." In the end, she finds herself at Beirut airport, facing a fateful decision: to leave with Jawad or to stay. This decision was faced, at one time or another, by millions of foreigners or Lebanese who lived there during the war years.

John K. Cooley, a correspondent for ABC News and author of books on the Middle East, wrote this for the International Herald Tribune.

East Germany's Master Spy Calls for Amnesty for Agents

Reuters

BONN — Markus Wolf, the legendary East German spy, added his voice on Thursday to calls for a general amnesty of former agents of the former communist state.

In a landmark ruling this week, Germany's Supreme Court said that East Berlin's spy masters could not be tried for masterminding Cold War espionage against West Germany, but that other agents who had spied in the West could still be punished.

"There ought now finally to be an end to legal prosecu-

tions," Mr. Wolf told the magazine Super Illu, referring to all the people who had worked for East Berlin's Ministry for State Security, or Stasi.

The ruling, which also urged leniency toward East Germans who had spied in the West while saying that West Germans accused of treachery could still be prosecuted, has raised the question of whether it was right to let big fish swim free while making small fish fry.

Mr. Wolf received a six-year suspended sentence in 1993 for treason that he will now not have to serve.

BRIDGE

By Alan Truscott

JOE LUTZ and Jerry Fink authors of "The American Forcing Minor Bidding System," have much to offer in defensive bidding and signaling. One of their ideas they call a "parking lot" action, which gives lead-directing advice to partner in some competitive auctions. An example from a team game is shown in the diagram, with Fink as East.

When his partner's weak-two bid was doubled he could have redoubled to announce a good suit he planned to bid later. His three diamonds was a parking lot bid, setting up the winning lead against a possible four-spade contract. It can be seen

that a diamond lead prepares a ruff that gives the defense four tricks.

In practice, Fink and his partner did better, for South did not bid four spades, but only three. West bid four hearts, since his partner had promised heart support, and North doubled this contract. It proved unbeatable thanks to the position of the club ace.

If South had bid four spades, it is far from clear that East would have been willing to defend: four spades might have been unbeatable, diamond lead or no diamond lead. In the replay, North-South were permitted to play four spades, and this succeeded because West, this time, had no reason to know that a diamond lead would be

effective. So the Fink team scored a game in one room and a doubled game in the other.

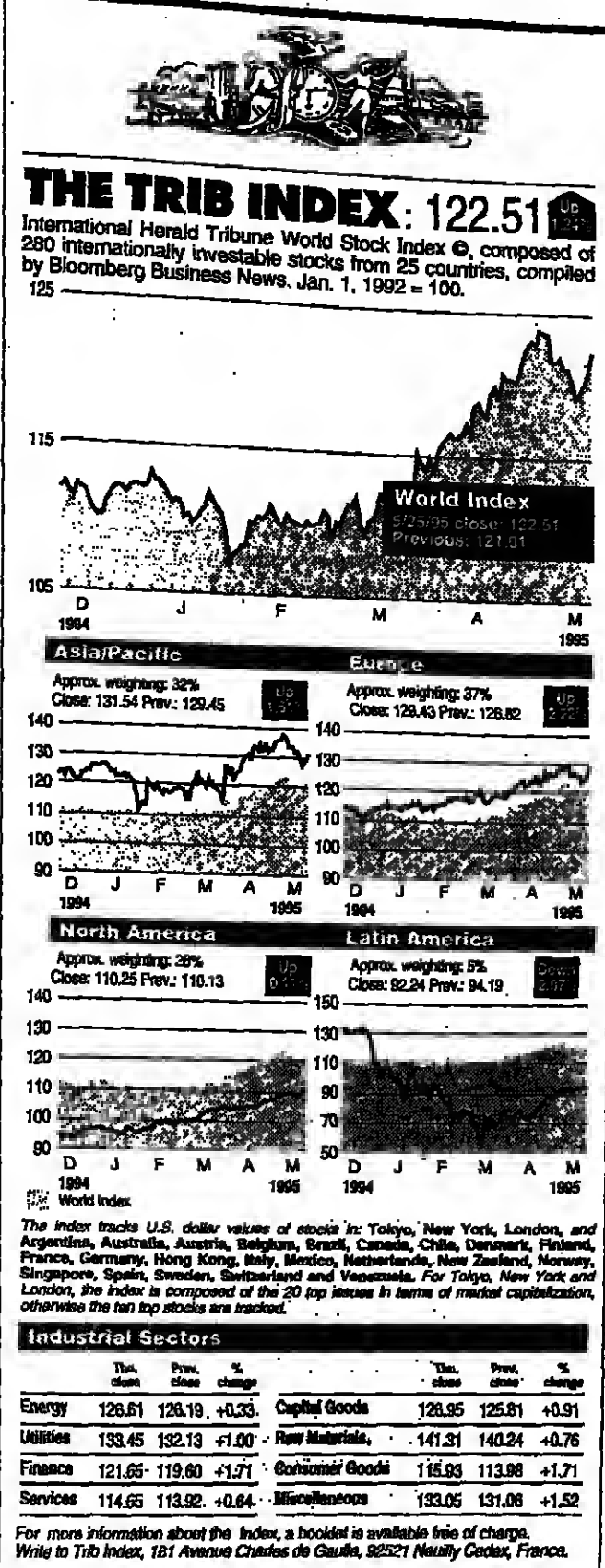
NORTH (D)
♠ J984
♥ A
♦ K84
♣ A84

WEST
♠ K Q J 10 9 8 7 6 5 4 3 2
♥ K Q J 10 9 8 7 6 5 4 3 2
♦ K Q J 10 9 8 7 6 5 4 3 2
♣ K Q J 10 9 8 7 6 5 4 3 2

EAST
♠ 7 6 5 4 3 2
♥ 7 6 5 4 3 2
♦ 7 6 5 4 3 2
♣ 7 6 5 4 3 2

South and North are vulnerable.
The bidding:
West North East South
2♥ 2♦ 3♠ 4♠
Pass Pass Pass Pass
West leads the diamond two.

Windfall: 20 Million



U.S. Carmakers Get Little Sympathy From Europe

By Tom Buerkle and Steven Brull
International Herald Tribune

If Europe's automakers stop well short of supporting Washington's strong-arm tactics aimed at gaining greater access to the Japanese automobile market, it is not because they do not sympathize. Rather, the European carmakers feel they have paid their dues, and now it's Detroit's turn.

The European stance also reflects a commercial approach to the Japanese market that differs fundamentally from Detroit's, an approach marked by the sort of patient, long-term planning often associated with Japanese industry.

In addition, European companies fear that any success for the United States in its battle with Japan will come at their expense.

What's more, Europe does not enter the debate with clean hands: It limits Japan to around 11 percent of its own market to give European producers room to restructure.

"Our position in Europe doesn't make our stance with the Japanese very easy," said Alain

G. Coine, chairman of the European Business Community in Tokyo.

"The European view is that we're into a good market here," said Peter Woods, chairman of the European Business Community's automotive committee in Tokyo and head of Rover Japan.

"We have to get the fundamentals right from a long-term perspective," he said. "We don't think the Japanese have the ability to change in the way and pace America wants. So from a practical perspective, what's really important is putting our heads down and getting on with business."

European automakers have been doing just that over the past 10 to 15 years, investing hundreds of millions of dollars in building up dealer networks and inspection facilities to cater to Japanese consumer tastes and bureaucratic demands.

Peter Boardman, senior analyst at UBS Securities in Tokyo, figures that Volkswagen AG has invested 30 billion yen (\$344 million) in its Japanese operations, while Mercedes-Benz AG has spent 28 billion yen and Bayerische Motoren Werke AG, 20 billion yen.

But they are not stopping there. Volkswagen, which led European makers with sales of 34,600 cars in Japan last year, plans to increase its Japanese dealerships to 250 from 176 within two years, said Mitsuru Sato, president of Volkswagen Audi Nippon.

In contrast, Mr. Boardman said, the biggest U.S. spender is Ford Motor Co., which has invested less than 10 billion yen. "The Europeans would prefer to see the Big Three have to spend to get into the market as they did," he said.

European carmakers also have established four inspection facilities to pass the rigorous tests that Tokyo requires for each imported vehicle. Detroit has none.

"We have collected the experience to overcome technical problems," said Peter Laurent, an economic analyst at BMW in Munich. That means installing dashboard warning lights for overheating catalytic converters as Japan demands, even though technological improvements have virtually eliminated overheating.

That kind of attention to detail has paid off. European cars won 3.1 percent of the Japanese market last year, or 171,000 vehicles, nearly five times the total of 35,000 cars sold by Ford, General Motors Corp. and Chrysler Corp.

It is true, as the U.S. trade representative, Mickey Kantor, has pointed out, that those numbers are minuscule. The European Automobile Manufacturers' Association complained this year that Japan had the lowest share of imported cars of any industrialized country and was shipping nearly eight times as many cars to Europe as Europe shipped to Japan.

But in value terms, a Mercedes counts for a lot more than the average Toyota. The average European car sold in Japan last year was worth 21,400 European currency units (\$26,300), more than double the 9,600 Euros of the average Japanese export to Europe. As a result, Europe's deficit in car trade with Japan shrank to 2.48

See CARS, Page 12

Parliament Says Lloyd's Needs Rules

Reuters

LONDON — Lloyd's of London came under mounting pressure Thursday to speed its transformation into a modern, well-run, soundly funded insurance market, only days after launching its own radical restructuring plan.

A parliamentary committee called for a tough new independent regulatory regime just hours after U.S. authorities insisted that Lloyd's strengthen reserves held in America by \$500 million.

Both moves are likely to force a quicker pace of change than Lloyd's itself indicated Tuesday when it announced a package of measures aimed at ending its problems "once and for all" and putting the battered market back on an even keel.

The Lloyd's proposal was intended to see the market through to a return to profit next year after it announced its fifth successive loss Tuesday, taking the total deficit to more than \$3 billion (\$13 billion) in the past five years.

But the call for external regulation from Parliament's Treasury and Civil Service Committee opened Lloyd's to further unwelcome publicity and possibly a new investigation into its recent problems.

"Part of the problem at Lloyd's was that a 20th-century insurance market was still regulated and run upon the lines of a private club, in which difficulties were hushed up and solved behind closed doors," the committee said in a critique of the Lloyd's self-regulation plan.

The report recognized that Lloyd's had made progress in recent years in strengthening regulation but said more action was needed to restore confidence in the market.

"Despite these improvements the system of self-regulation at Lloyd's is irretrievably tarnished by past problems," it said.

Lloyd's, whose chairman, David Rowland, has defended the market's tradition of self-regulation, released a statement acknowledging the committee's conclusions and saying that any change would be for the government to decide upon.

Computer Associates Buys Legent

Bloomberg Business News

ISLANDIA, New York — Computer Associates International Inc. said Thursday it would buy Legent Corp. for \$47.95 a share, or \$1.76 billion, in the largest acquisition in the history of the software industry.

Computer Associates, the world's second-biggest software company after Microsoft Corp., said it was buying Legent to expand its line of software for high-end computer-systems management.

The boards of both companies have approved the transaction.

The companies' share prices leaped on the news. Legent rose \$13.00 to \$44.25, while Computer Associates rose \$5.875 to \$71.50.

Over the past few years, Computer Associates has expanded its position in software for high-end computers by buying struggling companies, cutting costs and laying off administrative employees.

If completed, the acquisition would be the biggest in the industry. Microsoft would have set the record with its planned \$2.1 billion acquisition of Intuit Inc., but Microsoft scrapped that transaction last week because the U.S. government opposed the deal on antitrust concerns.

Computer Associates trails only International Business Machines Corp. in developing computer programs to control the operations of mainframe computers and large computer networks. It had

profit of \$431.9 million on revenue of \$2.62 billion last year.

Antitrust lawyers said the Computer Associates-Legent deal would not face the kind of regulatory hurdles that discouraged Microsoft.

"When you've got a dominant player like IBM and the second and third place companies want to merge to better compete, it's a different situation," said Susan Halling, an antitrust lawyer based in San Francisco.

In the Microsoft deal, the industry's dominant company was to acquire Intuit, which had the lion's share of the market for personal-finance software.

Legent, based in Herndon, Virginia, gets about 90 percent of its revenue from mainframe-management software. The company's financial performance has been erratic in the past few years as mainframe computer sales declined, then rose again in the past year.

Legent earned \$54.3 million on revenue of \$501.7 million last year.

The company has been trying to get away from mainframe software and expand into computer-network software sales, with little success.

General Atlantic Partners Corp., the biggest shareholder in Legent, with a 10 percent stake, has pledged support. Computer Associates said.

A portion of the funds for the acquisition will come from a \$2 billion credit line

from Credit Suisse, the company said.

Computer Associates has been trying to rely less on mainframe software sales as the use of those machines declines. The company wants to write more software for controlling large corporate computer networks.

Novell Shares Drop on Sales Fall

Novell Inc. shares fell \$2.00 to \$20.625 Thursday after the personal-computer software company said sales of its popular NetWare product were lower in the second quarter than in the first.

Bloomberg Business News reported from Orem, Utah.

After the close of trading Wednesday, Novell said earnings were up 45 percent in the quarter on increased sales of computer-network operating systems and personal-computer business programs.

But sales of NetWare, the company's flagship computer-network operating system, slipped from first-quarter levels. Novell introduced a new version of NetWare this year.

Novell, the second-biggest personal-computer software company after Microsoft Corp., said net income in the quarter ended April 29 rose to \$95.9 million from \$66.1 million a year earlier. Revenue rose 17 percent, to \$529.5 million.

For the first half, net income rose 11 percent, to \$177.4 million. Revenue rose 8.4 percent, to \$1.02 billion.

WALL STREET WATCH

Securities Firms Want More Leverage

By Jonathan D. Glater and Sharon Walsh
Washington Post Service

WASHINGTON — Six of Wall Street's most powerful financial institutions have mounted a campaign to remove limits imposed after the U.S. stock market crash of 1929 on how much money they can borrow to finance stock speculation.

Representatives of the firms — Morgan Stanley & Co., Goldman, Sachs & Co., Salomon Brothers Inc., First Boston Corp., J.P. Morgan & Co. and Bankers Trust New York Corp. — have met privately with officials in Congress, at the Federal Reserve Board, the Treasury Department and the Securities and Ex-

change Commission to press their case. The changes the investment firms are seeking would allow institutions such as pension funds or the investment firms themselves to borrow more than 50 percent — the current limit — of the price when buying stock.

It was unclear whether the 50-percent limit, which is set by the Federal Reserve Board, would be eased for individual investors if it were relaxed for institutions.

None of the investment firms would comment on the matter this week.

Government officials have said they fear that such a change would make the stock market more vulnerable to sudden and deep declines if large investors were speculating using borrowed money. They have also criticized the way the

group has gone about trying to change the rules.

"We think that that is a very significant and major change, and that it poses real concerns for the safety and soundness of the financial system," said one Treasury Department official, who spoke on the condition of anonymity.

Other officials voiced concern that the removal of restrictions could force high investors to sell stock into a falling market to meet demand for collateral on their loans.

Analysts said the Wall Street firms were pressing for these changes at a time when they faced increased competition for investment dollars.

Other Wall Street firms said they were

See MARGINS, Page 12

Bill Raises Conflict-of-Interest Issue

By Jane Fritsch
New York Times Service

WASHINGTON — From breakfast meetings to late-night conferences, U.S. Senate staff members have been working furiously in recent weeks to hammer out the details of legislation long sought by the securities industry.

The proposed legislation, similar to a bill approved by the House, would provide broad protection to investment houses and would limit lawsuits by in-

vestors against businesses that provide inaccurate forecasts of their financial prospects.

Perhaps no one has a greater incentive to complete the work than Courtney Ward, a longtime Senate aide who last month accepted a job with J.P. Morgan & Co., the New York banking and securities firm. He had put off his starting date to help draft the bill.

Mr. Ward's work on legislation that could affect his future employer has hardly raised an eyebrow at Capitol Hill, where aides move regularly from

government to industry and back again.

In fact, another important aide working on the securities bill, Robert Giuffra, was hired a few months ago from Sullivan & Cromwell, a New York law firm whose biggest client is Goldman, Sachs & Co., another banking and securities giant.

At least two other people working for private concerns that are major advocates of the bill, which could save businesses and securities firms billions of dollars by making it harder for investors

See CONFLICT, Page 12

Profits Soar at Japan's High-Tech Firms

Agence France-Press

TOKYO — Riding high on the global semiconductor boom, six of Japan's biggest electronics companies announced Thursday a sharp increase in earnings for the year ended March 31. But they offered cautious assessments for the year ahead.

The six companies — Hitachi Ltd., Toshiba Corp., Mitsubishi Electric Corp., NEC Corp., Fujitsu Ltd. and Sharp Corp. — all forecast slower profit growth this year, indicating that the explosion in computer chip demand may have reached its peak.

The companies, which had combined worldwide sales of \$275 billion last year — larger than the entire economy of India — also voiced growing concerns about the yen's appreciation, although overseas sales in the latest year were largely cushioned by increased production abroad.

"The extraordinary appreciation of the yen, unstable currency markets and increasingly severe competition in domestic and international markets makes any forecast for fiscal 1996 fraught with difficulties," an NEC spokesman said.

Among the six, electrical-machinery makers Hitachi, Toshiba and Mitsubishi

reported double-digit surges in group pretax profit. NEC, the largest chip maker, and Fujitsu, the top manufacturer of computers, said earnings more than doubled.

At Sharp, the world's top maker of liquid-crystal display panels for computer screens, profit rose by more than 50 percent.

Hitachi's group pretax earnings rose 24 percent from a year earlier, to 284 billion yen (\$3.2 billion), with sales rising 3 percent, to 7.5 trillion yen. The company predicted that earnings would rise to 290 billion yen this year on sales of 7.6 trillion yen.

Toshiba's consolidated earnings jumped 34 percent, to 121 billion yen. Japan's second-biggest maker of electrical machines said sales grew 4 percent, to 4.7 trillion yen. The company said almost half its operating profit came from information-communications systems and electronic devices.

Mitsubishi Electric's profit jumped 27 percent, to 91.1 billion yen, with global sales expanding 5 percent, to 3.2 trillion yen. It projected a higher profit of 110 billion yen for this year with sales rising to 3.3 trillion yen.

"Despite apprehensions over the strong

yen's influence on the recovering economy and drastic price competition, semiconductor makers are expected to enjoy favorable business," Mitsubishi said.

The earnings rebound was even stronger at NEC and Fujitsu. NEC's profit soared to 74.7 billion yen from 25.1 billion yen. The company, also Japan's largest personal computer maker, said sales recovered 5.3 percent, to 3.7 trillion yen.

NEC said the profit increase reflected stronger sales, particularly in semiconductors, along with tighter control over fixed costs and further cost-cutting measures. But it warned that the yen's appreciation in recent months had produced "a deep sense of unease as to the future prospects of the recovery" in Japan.

Fujitsu's earnings rose 130 percent, to 102 billion yen, with worldwide sales growing 4 percent, to 3.2 trillion yen. The world's second-largest computer maker projected a profit of 125 billion yen for the current year on sales of 3.6 trillion yen.

Sharp's earnings jumped 56 percent, to 77.2 billion yen. The Osaka-based company said global sales climbed 7 percent, to 1.6 trillion yen. It forecast profit of 85 billion yen for the current year.

Italy Wants to Put The Lira Back In Exchange Grid

Reuters

ROME — Italy wants to lead the lira back into the protective fold of exchange-rate mechanism of the European Monetary System before the end of the year, Budget Minister Rainero Masera said Thursday.

Prime Minister Lamberto Dini was reported to have made a commitment to political leaders on Wednesday that his government would try to get the battered lira back inside the system of semi-fixed exchange rates in 1995.

"It is a promise made by the prime minister. I believe that it can be done," Mr. Masera said at the annual assembly of the industrial employers' association Confindustria.

The lira dropped out of the mechanism during the currency crisis of September 1992. Since then, it has fallen sharply against other major currencies.

The devaluation has been a boon to Italian exporters, but companies in other European countries have been angered by what they see as unfair competition from relatively inexpensive Italian goods.

The effect on inflation of the lira's weakness is being felt in the form of increased prices for raw materials. Provisional data for May showed year-on-year inflation of 5.5 percent, compared with 3.8 percent in January.

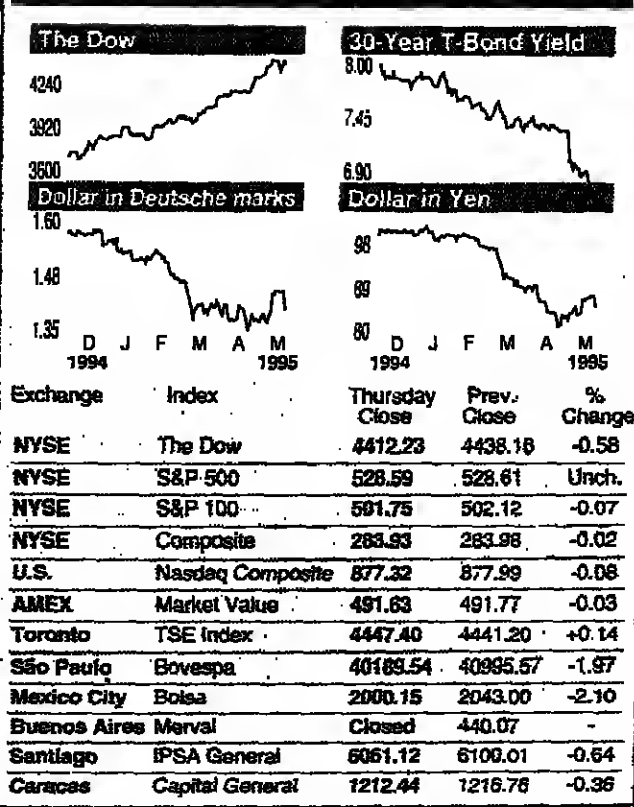
100 hours power reserve • 100 meters water-resistant • 100 days of testing

PISA
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20121 MILANO - TELEFONO 760 02 375

THE AMERICAS

Investor's America



Very briefly:

Army Helps Brazil Oil Output Rise

BRASILIA (AP) — Output at Brazil's oil refineries rose Thursday, a day after the army occupied the country's oil facilities to bring an end to a strike by petroleum workers.

Two occupied refineries in São Paulo state said production was up by between 63 percent and 75 percent. Petrobras, the government oil company, has 11 refineries that normally process 1.5 million barrels of petroleum products a day.

Production plunged then most of Petrobras's 50,000 workers went on strike May 3. They demanded a 34 percent raise and an end to the government's plans to privatize state companies. A labor court ruled the strike illegal. The government refused to negotiate and said the army had been ordered in Wednesday to enable those workers who wanted to return to work to do so.

- Kmart Corp. said it would take a one-time charge of \$185 million against earnings because of the divestment of its stake in Borealis Group Inc. through an initial public offering.
- Motorola Inc. agreed to jointly develop a new generation of personal digital assistants, or hand-held personal computers, with Samsung Electronics Co.
- Aerovías de México SA, known as Aeromexico, is trying to restructure \$137.5 million in debt due June 10. The debt comprises \$100 million in Eurobonds and \$37.5 million in commercial paper.
- Viacom Inc. said its hit film "Forrest Gump" was profitable and that it had paid the novelist Winston Groom, who created the title character, more than was required. Mr. Groom, who is to receive 3 percent of any net profit from the movie, hired a lawyer after accounting showed the film had not turned a profit as of Dec. 31.

Bloomberg, AP, AFP, Reuters, Knight-Ridder

Venture Capital's Generation Gap

By Glenn Rifkin
New York Times Service

BOSTON — In his 11 years in the venture capital business, Jonathan Flint found himself becoming more and more frustrated at other people's getting rich from all his work.

Sure, he earned a six-figure salary, lived in a stylish suburb of Boston and was respected by his peers. But after steering his firm, Burr, Egan, Deleage & Co., through a series of stellar software startups — including a \$105 million payback on a \$3 million investment in Powersoft Corp. — he wanted more.

So, along with two like-minded partners, Mr. Flint is taking a radical step that reflects the new order that is beginning to reshape the clubby world of venture capital.

Rather than waiting for the three founding partners of Burr Egan to hand over the reins and share more of the profits, Mr.

Flint is betting that he and his colleagues, Stephen Arnold and Terrance McGuire, can do better for themselves by splitting off and seeking investors for a new firm, Polar Ventures.

"This is an old bulls versus young bulls situation," said Mr. Flint, 44. "The founders think they are leaving too much money on the table, while the next generation thinks they are taking too much off."

For Burr Egan, Mr. Flint's exodus represents the end of an era. While the firm, one of the great investment success stories of the past two decades, will not disappear, it has decided that it will no longer raise any new funds nor invest in new ventures.

Burr Egan is not alone. From Sand Hill Road in Menlo Park, California, home to many of the venture capital partnerships that helped build Silicon Valley, to downtown Boston, where the first venture capitalists got their start after World War II, the business is molting in an unprecedented fashion.

Several blue-chip partnerships are closing as a state of new operations emerges to carry on the traditional business of venture capital: raising money for young entrepreneurs with great promise and helping shepherd them along until they can sell shares in their companies to the public.

While more venture capital money than ever is now available, several long-standing firms — Intervest Partners in Santa Monica, California, is one — have decided not to seek new funds.

Venture groups within Alex. Brown & Sons, the Wall Street investment house, and Hambro Bank in London, also are retreating. In their place, some veterans of those operations are starting new partnerships like North Bridge Venture Partners in Waltham, Massachusetts.

"There's more turmoil right now with venture partnerships than I've ever seen," said Gib Myers, a general partner at the Mayfield Fund in Menlo Park, who has 25 years of experience in the field.

Coffee Prices Drop as Funds Sell Out

LONDON — The price of green coffee beans plunged for the third day in a row Thursday in speculative selling that has so far chopped more than 8 percent off the value of coffee.

The rout has surprised coffee merchants, who had expected prices to at least be stable ahead of the Brazilian winter, when frost might damage the world's biggest crop, and because of plans by producers to cut exports. These factors usually mean prices will rise, merchants said.

On Thursday, the London benchmark coffee contract for July delivery closed at

\$2.775 per metric ton, down \$68, after touching the lowest price since Feb. 14.

Speculative investment funds, which can call on millions of dollars to play the world's financial markets, were blamed for the selling.

Fears that a frost was imminent in Brazil have been allayed for now by forecasts saying such cold temperatures are not likely anytime soon. At the same time, the funds have been getting strong sell signals from their technical charts, a trading method that uses past performance as an indicator of how markets will move.

"We don't feel we should be selling at

this time of year but the chart signals are so strong," one fund manager said.

London traders have warned that the danger of a frost still exists in Brazil and that the funds might be caught off guard if the market suddenly surged.

Last year, coffee prices more than tripled, to \$4.10 a ton, after the Brazil crop was decimated by frosts and a drought.

Experts said the latest slide in prices was not sufficient for a general easing of retail prices. If it continues and then stabilizes at much lower levels, however, retail food stores might cut prices.

CARS: European Automakers, Feeling They Have Paid Their Dues in Japan, Dislike Washington's Tough Tactics

Continued from Page 11

billion Euros last year. It was 7.36 billion Euros in 1992.

European industry is even more opposed to another U.S. demand for greater access to Japan's retail market for parts. That could benefit such companies as Robert Bosch GmbH, Valeo SA and Michelin & Cie., which invested earlier than most American parts makers and have won acceptance in the market.

For all their differences, Mr. Woods conceded that there was "tremendous sympathy" among European makers for U.S. complaints about Japan's high costs and such nontariff barriers as inspection procedures and restrictive ties among Japanese carmakers, dealers and parts suppliers.

Still, most European industrialists echo their political leaders, who contend that Europe has more to fear from Washington's unilateral sanctions, such as the 100 percent tariffs threatened

on Japanese luxury cars, and the effect of those sanctions on the global trading system.

"There is obviously an ambivalence," said Charles Caporale, head of European affairs for PSA Peugeot Citroën SA. "We have complaints about Japan's attitude. On the other hand, if the strongest can succeed with unilateral measures, that's not very promising for the future."

■ Strains Rise in Other Trade Disputes

The U.S.-Japanese feud over auto trade has taken the limelight with its threats of sanctions and counter-sanctions, but other trade tensions are also showing signs of escalating, news agencies reported Thursday from Tokyo.

A decades-old battle over aviation took a turn for the worse Wednesday, when a Japanese official said Tokyo would retaliate if Washington implemented airline sanctions after the two sides failed to agree on fresh talks.

The airline dispute has simmered for decades, as Washington has sought permission for more U.S. carriers to pick up passengers and cargo in Japan en route to other Asian cities.

Tokyo, for its part, has called for revision of a 1952 bilateral aviation pact that it argues is unfair.

Japan has said it will not discuss allowing Federal Express Corp. and United Airlines to fly into Osaka's new airport to pick up cargo or passengers for other Asian points unless Washington agrees to discuss revising the 1952 pact.

But a Transport Ministry official said Thursday that talks on reopening the negotiations might take place when transport ministers from Japan and the United States meet next Asian ministers in Washington to discuss regional infrastructure.

(Reuters, Knight-Ridder)

MARGINS: Investment Houses Campaign for Relaxed Margin Limits

Continued from Page 11

not invited to be part of the effort to change the rules, and neither the New York Stock Exchange nor the National Association of Securities Dealers, which operates the Nasdaq stock market, were consulted, they said.

"Let's just say we are not pleased at the way they've gone about this," an industry official said. "It's not the most straightforward way. Such an important issue should be discussed in the open."

Arthur Levitt Jr., chairman of the Securities and Exchange Commission, met Tuesday with officials of the six Wall Street firms, but declined to comment on the discussion. However, he said it would be appropriate for the SEC and the Fed to listen to their concerns.

"We have not looked at the rules in light of changes in the market," Mr. Levitt said. "An absolute condition of changing margin requirements will be that nothing is done to damage individual investors."

The leading restrictions, which originated with a law enacted in 1934, protect securities firms, the financial markets and individuals from investor bankruptcies when stock prices fall sharply.

Both borrowing and lending by brokerages and securities firms for stock purchases are now restricted. If, for example, a firm wants to buy a block of stock worth \$500,000, it can borrow only \$250,000 for the purchase. Eliminating or easing

the restriction would mean that the firm could borrow a higher percentage of the cost of the transaction, but it also would increase the risks if there were a sharp decline in the market.

The firms went first to Congress, trying to get Representative Jim Leach, the Iowa Republican who heads the House Banking Committee, to tack an amendment onto banking legislation rather than seeking new legislation and having hearings on the issue.

CONFLICT: Securities Laws Are Being Drafted by New Wall St. Hires

Continued from Page 11

to sue companies or their advisers, worked on the bill or its predecessors as Senate committee staff members in recent years.

While there is no suggestion that any of the current or former staff members violated any laws or took improper actions on behalf of the industry, the behind-the-scenes maneuvering over the bill does provide a vivid illustration of how things get done by Washington insiders.

"It's the congressional-financial

complex at work," said Ralph Nader, the consumer advocate. "It's all part of the Congress-to-financial industry shuttle."

Most of the work on the bill has been done behind the scenes by Banking Committee aides. Mr. Giuffra, the committee's chief counsel, and Mr. Ward, who is on the minority staff, have played major roles in the private sessions in recent weeks.

"We've been working very hard to develop a fair, balanced and bipartisan bill," Mr. Giuffra said.

Whatever the reality behind the scenes, the appearance of industry influence is galling to some who view themselves as outsiders.

"Whoever is marshaling these bills and writing these bills is not attempting to be fair," said Joseph W. Belluck, a staff lawyer for Public Citizen, a consumer lobbying organization that opposes the legislation. "They are attempting to push through an agenda on behalf of some interest."

In Mr. Belluck's view, the bill is becoming increasingly anti-

consumer as opponents stand by helplessly.

Mr. Ward declined to discuss his plans earlier this week, but said: "The firm I am going to has not been involved in this issue."

Mr. Ward's continued service in the Senate after accepting the job at J.P. Morgan was viewed as so unremarkable by staff members on Capitol Hill that several expressed outrage Wednesday when word circulated that a reporter had made inquiries about it.

Thursday, May 25					High Low Close Prev.					High Low Close Prev.					High Low Close Prev.					High Low Close Prev.					High Low Close Prev.					High Low Close Prev.								
Prices in local currencies.					High Low Close Prev.					High Low Close Prev.					High Low Close Prev.					High Low Close Prev.					High Low Close Prev.					High Low Close Prev.								
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What Hops					26.50	24.20	23.10	25.65	GEFC	31.5	32.8	31.2	31.4	Boi Popular	18950	18700	18700	18900	Capgemini	8	7	8	8	Uchi Ono Bk F	14	13.70	13.70	14	Honda Motor	1250	1240	1220	1240	Alstom Price	21%	21%	21%	21%
Whatdick					13.80	13.20	13.60	11.50	GNR	42.7	42.7	42.7	42.7	Boi Sanitador	4975	4775	4775	4900	CEPASA	2580	2545	2580	2580	Wing Tung Bk	2.75	2.67	2.70	2.77	H&J	2320	2340	2270	2350	Alstom Price	21%	21%	21%	21%
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Recovering Auto Sales Help Trim Loss at SEAT

Compiled by Our Staff From Dispatches

BARCELONA — SEAT, a unit of Volkswagen AG, said Thursday that a recovery in car sales and an aggressive cost-cutting plan had helped narrow its first-quarter loss by 83 percent.

Sociedad Española de Automóviles de Turismo SA posted a loss of 4.88 billion pesetas (\$39 million), compared with a loss of 28.69 billion pesetas a year earlier.

Production rose 18 percent in the quarter, to 93,655 cars, and sales to distributors rose a like amount. But according to the National Association of Automobile and Truck Manufacturers, SEAT sales to consumers in Spain fell 8.4 percent in the first quarter, to 7,183 units.

Juan Llorens, president of SEAT, said sales growth had slowed late in the first quarter. He said market conditions remained difficult and that the company was still likely to post a loss for the year. But he added that SEAT should post an increase in operating profit for the year.

"Our mission is not over yet," he said. "This company still requires much improvement, and the present market situation does not help us."

For all of 1994, SEAT trimmed its loss to 29.5 billion pesetas from 151.3 billion pesetas in 1993 and increased production nearly 6 percent, to 313,690 cars.

Mr. Llorens said the company hoped to increase its daily production to 1,900 or 2,000 units

by the end of the year from 1,600. But he also said more temporary layoffs were possible if the market could not absorb the higher production.

SEAT's management reached an agreement with unions this week to lay off 8,875 workers for five days in June and 10 days later in the summer at the company's Zona Franca and Martorell plants.

The layoffs are intended to slow production and halt the accumulation of stocks at SEAT's distributors. SEAT itself is holding an inventory of about 95,000 cars, representing an excess of between 10,000 and 15,000, Mr. Llorens said.

SEAT credited its cost-cutting plan with narrowing its loss. The plan involved transferring the bulk of production to Martorell, laying off more than 25 percent of its work force last year and cutting its senior managers to 99 from 200.

Part of that plan led to an agreement in June between the Spanish government and the regional government of Catalonia for a 38 billion peseta bailout for SEAT.

The subsidy was granted after repeated assertions by Volkswagen that the alternative was to turn SEAT into a VW production line.

Bartel Schroder, vice president of SEAT's technical division, said the company's "most important" goal was to be productive, adding that SEAT was taking advantage of labor regulations "offered by the Spanish market."

(Bloomberg, Reuters, AFX)

C&W Profit Declines 23%

LONDON — Cable & Wireless PLC said Thursday its full-year pretax profit fell 23 percent, mainly because of one-time charges.

Profit before tax was £344 million (\$1.33 billion) for the year ended March 31, including one-time charges, compared with £1.09 billion in the previous year.

The international telecommunications operator said the figure included a £120 million charge at Mercury Communications Ltd., its British unit, and a £178 million charge related to its purchase in 1988 of Telephone Rentals, a phone equipment company.

C&W said it would sell assets and cut capital spending in Britain, where Mercury has been hit hard by price cuts at its rival British Telecommunications PLC.

Independent Newspapers Completes Refinancing

DUBLIN — Independent Newspapers PLC said Thursday it had entered into formal agreements relating to the restructuring, refinancing and management of Newspaper Publishing PLC.

Independent Newspapers, headed by the Irish tycoon Tony O'Reilly, said it entered into agreements Wednesday for the refinancing of Newspaper Publishing, the publisher of The Independent and The Independent on Sunday.

Mr. O'Reilly sits on the board of Washington Post Co., which is a co-owner of the International Herald Tribune.

Independent Newspapers and Mirror Group PLC of Britain will each hold about 43 percent of Newspaper Publishing.

Promotora de Informaciones SA, known as Prisa, will hold about 13 percent. Independent Newspapers said. Prisa publishes the Spanish daily El Pais.

Independent Newspapers and Mirror Group have each acquired about half of the 44 million shares in Newspaper Publishing held by Repubblica International Holding SA and Espresso International Holding SA, two Italian publishers.

Independent Newspapers will pay £9 million to take up shares in a 3-for-1 rights issue by Newspaper Publishing.

The issue will raise about £20 million, Independent said. Mirror Group will invest £9 million, while Prisa will put in £2 million.

The three investors have also agreed to provide financing totaling £32 million.

Independent Newspapers and Mirror Group also concluded a liability-sharing agreement, and each now has three seats on Newspaper Publishing's board. Mirror Group will provide printing distribution and management services.

Bankers Stand Up For Derivatives And Decries Rules

By Brandon Mitchener
International Herald Tribune

ST. GALL, Switzerland — Speculation in financial derivatives has been accused of destabilizing financial markets, ruining companies and wrecking governments, but the greater culprits in the recent turmoil have been governments themselves, bankers argued at a meeting here.

While governments are not entirely responsible for markets' gyrations, pursuing credible economic policies and keeping better track of international capital flows would more effectively rein in runaway markets than creating regulations, they said.

Robert Studer, president of Union Bank of Switzerland, and Josef Ackermann, president of Credit Suisse, told students and business leaders at an international management symposium Wednesday that the threat of derivatives had been greatly exaggerated.

"The growth of derivatives represents no real danger to financial markets," Mr. Ackermann said, adding that recent crises had discouraged speculation in derivatives and put the focus back on traditional ways of hedging risk. "The risks from banks' traditional lending business are usually much greater."

Mr. Studer agreed, saying that fairly denominated foreign exchange futures contracts accounted for 40 percent of UBS's derivatives activity.

"Ten years ago," he said, "we called them foreign exchange futures contracts. Today we call them derivatives."

Moreover, the two men said, most financial markets are no more volatile now than they were 15 years ago — they just appear more volatile because the volume of capital involved has risen.

Citing the collapse of the Mexican peso, the derivatives-related failure of Barings Bank PLC and recurring turmoil in European

currency markets, they said volatility in foreign exchange markets hurt national economies more than it used to because of a growing interdependence.

Creating regulations for banks and other enterprises that do business internationally would do more to limit trade and foreign investment

The growth of derivatives represents no real danger to financial markets.

Josef Ackermann, Credit Suisse

than to reduce exchange-rate fluctuations, they said.

Rather, they argued, governments should focus on exposing the risks on their country's financial markets and punishing wayward nations before financial markets do it for them.

"The International Monetary Fund should discipline the black sheep," Mr. Studer said.

Alexandre Lamfalussy, president of the European Monetary Institute, the forerunner to a European central bank, agreed that governments were largely powerless to fight short-term foreign exchange fluctuations. But he said they could limit the volatility of such moves through fiscal and monetary discipline and judicious supervision.

"Central banks should try to minimize markets' fragility," he said.

Mr. Lamfalussy said governments and central banks could help prevent financial crises by keeping better track of financial institutions' balance sheets and international settlement systems.

U.S. West Buys Stake In Czech Cable Firm

Compiled by Our Staff From Dispatches

PRAGUE — U.S. West Inc. said Thursday it had taken a 28.5 percent stake in Kabel Plus AS, the largest cable television operator in the Czech Republic.

U.S. West did not disclose the price it paid, but Petr Siroky, general director of Kabel Plus, said the deal was an equity expansion worth about 500 million koruny (\$18.8 million).

Kabel Plus said it hoped its partnership with U.S. West would help it land one of 16 regional licenses for local television services in the country. U.S. West echoed that ambition.

"Our mission is to provide integrated services in entertainment, telecommunications and information to our customers around the world," said Russell Givens, the chief operating officer in Europe for U.S. West International. "The Czech Republic is clearly a growth market, and Kabel Plus is a well-positioned leader in this market."

Kabel Plus, based in Ostrava, serves 400,000 customers in 10 Czech cities and has assets worth 1.5 billion koruny, company executives said.

For the past two years, it has worked on a pilot project to offer local telephone service over its cable lines in the town of Liberec but has run into challenges from the Czech phone company SPT Telecom.

SPT is expected to grant a license for Kabel Plus's pilot project this week, an SPT official said. SPT, which is 70 percent state-owned, will have a guaranteed monopoly on long-distance and international service until 2000.

U.S. West, based in Englewood, Colorado, sees cable television as a vehicle to build infrastructure in Europe in preparation for telecommunications deregulation in 1998, rather than buying stakes in state-owned telephone companies.

U.S. West is already a partner in the Czech cellular telephone company Eurotel.

The company is now the second-largest shareholder in Kabel Plus, after the Czech insurer Ceska Pojistovna, which holds 34 percent.

(Bloomberg, Reuters, Knight-Ridder)

Investor's Europe



Exchange	Index	Thursday Close	Prev. Close	% Change
Amsterdam	EOE	Closed	430.82	-
Brussels	Stock Exchange	Closed	7,063.82	-
Frankfurt	DAX	Closed	2,105.12	-
Copenhagen	Stock Market	Closed	380.72	-
Helsinki	HEX General	Closed	1,858.78	-
Oslo	OBX	Closed	382.97	-
London	FTSE 100	3,328.20	3,327.10	+0.03
Madrid	Stock Exchange	297.29	303.11	-1.92
Milan	MBTEL	6,988.00	10,141	-1.51
Paris	CAC 40	Closed	1,960.67	-
Stockholm	SX 16	Closed	1,727.13	-
Vienna	ATX	Closed	1,633.51	-
Zurich	SPI	Closed	1,617.67	-

Source: Reuters
International Herald Tribune

Very briefly:

- PowerGen PLC said pretax profit in its latest year rose 15 percent, to \$545 million (\$588 million), as cost cuts helped offset a fall in sales; revenue dropped 1 percent, to \$2.9 billion.
- Unigroup PLC, a British timber-products company, said it would acquire Abbot Group, a British drilling-services concern, for stock valued at £31.6 million.
- Fiat SpA's managing director, Cesare Romiti, said the company's first-half results were better than expected; Fiat will release 1994 results and information on the start of 1995 on June 2.
- Gestemmer Holdings PLC stock plunged 34 pence, to 69, after the distributor of photocopyers and printers said it would take a charge of as much as £15 million to reorganize its Canadian unit.
- The African Development Bank held the first round of voting for a successor to its president, Babacar N'Diaye of Senegal; Timothy Tshane of Lesotho won the round.

State to Control Latvian Bank

RIGA, Latvia — Government officials and shareholders of the collapsed Bank Baltija signed an agreement Thursday allowing the state to take control of the country's largest bank, said Indra Samite, the new finance minister.

Mr. Samite, appointed earlier in the day, said the agreement had been signed by Bank Baltija shareholders and the central bank. "This agreement is the first step toward putting Bank Baltija back into order," he said.

Mr. Samite, a 36-year-old Latvian-American, succeeded Andris Piebalgs, who had resigned as the collapse of Baltija

rocked Latvia's banking and political leadership. Some government legislators blamed Einaris Repse, the Bank of Latvia governor, for Baltija's collapse. A motion calling for his dismissal was scheduled to be put before Parliament.

Critics of Mr. Repse say he had not regulated the country's commercial banks closely enough. Bank Baltija, like many of the about 50 other commercial banks that have sprung up in the Baltic country since it gained independence from the Soviet Union in 1991, had grown extremely rapidly.

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U.S. STOCK MARKET DIARY

May 25, 1995

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Grains

CORN (CBOT)

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SOYBEAN MEAL (CBOT)

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Livestock

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INTERNATIONAL FUTURES

May 25, 1995

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ITALIAN GOVERNMENT BOND (LFFE)

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EURODOLLARS (CME)

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Stock Indexes

May 25, 1995

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ASIA/PACIFIC

Bad Loans Mean Bleak Year for Japanese Banks

Compiled by Our Staff From Dispatches

TOKYO — Ten of Japan's 11 largest commercial banks said Thursday that their operating profit fell in the year ended March 31, although some managed to write off significant portions of their nonperforming loans.

Analysts said results meant the pall over the nation's financial industry had not lifted. "It's the story of the more things change, the more they stay the same," said James Fiorillo, an analyst at Baring Securities.

The results featured losses at Sumitomo Bank Ltd. and Hokkaido Tokai Bank Ltd. Earnings rose, however, at three other institutions.

Although the losses at Sumitomo and Hokkaido had been expected, they were still the Japanese banking sector's first in the postwar era and indicated

Tokyo Stocks Drop Sharply On Yen's Rise

Compiled by Our Staff From Dispatches

TOKYO — Stock prices fell sharply Thursday, with the leading index falling almost 2.5 percent, as domestic investors sold over fears of currency turmoil.

The Nikkei average of 225 stocks lost 391.31 points, to 15,579.44. Declining issues outnumbered gainers 3 to 1.

The yen's rise against the dollar dampened investor sentiment, one trader said. Other analysts said many big investors had sold shares out of fear of a possible market dive.

"It's not a very good situation," a trader at BZW Barclays de Zoete Wedd said. "Sentiment is really bad."

"At the end of the day for big domestic investors," the trader added, "it's risky to have a lot of stocks because they are anticipating that the market will move lower."

Stocks of semiconductor manufacturers also declined as a result of the dollar's weakness. (Reuters, AFP)

McDonald's Fattens Up Firm Presses Its Advantage in Japan

Bloomberg Business News

TOKYO — When McDonald's Corp. set up shop in Japan 25 years ago, Japanese fast food consisted of little more than a bowl of noodles. But these days, McDonald's sells more food in Japan than any other restaurant company, even though the country now has its own hamburger chains.

There are so many burger joints, in fact, that almost every train station, every busy street, every shopping district has its McDonald's. Mos Burger, First Kitchen or Lotteria stores. So, what's the best way to carve a bigger chunk out of this \$12 billion market? Lower prices, hoping to lure customers out of the restaurant across the street?

McDonald's apparently feels that way, because it has done just that, slicing the price of a hamburger to 130 yen (\$1.49) from 210 yen. While that is still nearly three times what a regular hamburger costs at a McDonald's in the United States, it is cheap here, where the cost of living is about double that in America.

Cheaper burgers look especially good right now to Japanese trying to stretch their yen in the longest economic downturn since the end of World War II.

But the price cut is bad news for McDonald's competitors. Unable to cut prices quite so much, they have been faced with closing restaurants and laying off workers.

"If McDonald's continues to undercut them, some of the competitors are just going to disappear," said Kazuo Yanagisawa, an analyst at Kleinwort Benson International Inc., "some of the competitors are just going to disappear."

Stiff competition has already just about knocked the U.S. roast-beef sandwich chain Arby's out of the box. It is down to one restaurant in Tokyo from several dozen a few years ago. "With only one shop, it's hard to cut costs," said Yuta Fukuzono, manager of the Arby's outlet.

A block away, Yoshinori Nakano can see six other fast-food restaurants from the window of the McDonald's he manages in the busy urban neighborhood called Shibuya. There is a Morigata Love restaurant, a Lotteria, a First Kitchen and a place that sells fried food.

"We noticed more empty seats at my competitors," said Mr. Nakano. "It looks like some of their customers are eating here."

Mr. Nakano has hired more people and wants to expand the restaurant. But that is not easy in crowded Tokyo, where rents are figured in hundreds of dollars a month — per square foot, that is. To accommodate the 180 seats it has now, Mr. Nakano's McDonald's rambles up and down three floors connected by narrow stairs.

McDonald's tries to adjust its offerings to local tastes. Just as its European customers can get a glass or mug of beer with their Big Macs, the Japanese can get a burger slathered with teriyaki. They also can wash it down with an iced coffee and a little corn soup on the side, two Japanese favorites.

'If McDonald's continues to undercut them, some of the competitors are just going to disappear.'

Kazuo Yanagisawa, restaurant analyst

ers and French fries alongside the traditional light, healthy Japanese meal with its small portions of rice, fish and vegetables.

In contrast to the U.S. experience, however, there has been no backlash against the health implications of all the meat, cheese, salt, sugar and fat.

It will be another five years, nutritionists and stock analysts say, before the Japanese start to worry about fat and salt. Most hamburger consumers here are in their teens and less likely to worry about their cholesterol count.

The first McDonald's in Japan opened in 1971 in the Ginza, at that time a neighborhood with cachet. Today, McDonald's has more than 1,000 stores in Japan — its most by far in any country other than the United States.

The burger business, moreover, has attracted some large Japanese corporations. Lotteria is owned by the candy maker Lotte Co. First Kitchen is the property of Japan's largest whiskey distiller, Suntory Ltd., and Morigata Love belongs to Japan's leading maker of caramels, Morinaga & Co.

None, however, has been able to match the performance of McDonald's, which sold 210 billion yen of food in Japan last year, or nearly a quarter of its \$8.3 billion in global sales. McDonald's can use that kind of muscle to cut prices to the bone. Its size also means it can buy ingredients in such huge quantities that it can bargain with suppliers.

"We have 15,000 restaurants around the world," said Kenji Kaniya, a McDonald's spokesman. "That gives us advantages our competitors don't have."

In addition, the strong yen means the food the chain imports — about 70 percent of its ingredients — costs less than food bought in Japan.

Price Cuts Help Net at Singapore Telecom

Compiled by Our Staff From Dispatches

SINGAPORE — Singapore Telecommunications Ltd. said Thursday its net profit rose 10 percent, to 1.33 billion Singapore dollars (\$954 million), in the year ended March 31 as economic growth and lower phone charges raised volume.

Singapore's largest listed company said sales rose 10.2 percent, to 3.52 billion dollars. International telephone calls made up almost half of the company's revenue.

Rate cuts for international calls helped increase international direct-dialed calls by 20 percent, the company said.

Timothy Wong, research manager at Vickers Ballas said, "The results were in line with expectations, so there is no reason for its share price to adjust tomorrow." The results were released after the market closed.

Singapore Telecom shares fell 3 cents, to 2.90 dollars, Thursday. With the Singapore economy expected to grow at a slower rate, Singapore Telecom is likely to see a slowdown in profit growth in the next two to three years, Mr. Wong said.

In an attempt to preempt competition when its monopoly on mobile-paging and mobile-phone services ends in 1997, the company cut charges for those services.

On Wednesday, a joint venture, MobileOne (Asia) Ltd., was awarded a 20-year license by the Telecommunications Authority of Singapore to offer mobile-phone services in Singapore starting in 1997.

Singapore has the highest rate of mobile-phone use in Asia, with eight subscribers for each 100 inhabitants. (Bloomberg, Reuters)

■ Parkway Buys Tenet Units

Tenet Healthcare Corp., formerly known as National Medical Enterprises, said it had agreed to sell its hospitals in Asia and Australia to Parkway Holdings Ltd. of Singapore for \$415 million in cash and the assumption of debt. Bloomberg Business News reported from Santa Monica, California.

Investor's Asia				
Exchange	Index	Thursday Close	Prev. Close	% Change
Hong Kong Hang Seng	10000	9,390.80	9,258.18	+1.43
Singapore Straits Times	2400	2,172.08	2,172.68	-0.08
Sydney All Ordinaries	2200	2,846.50	2,838.50	+0.37
Tokyo Nikkei 225	15000	15,579.44	15,970.75	-2.45
Kuala Lumpur Composite	1,000	1,099.71	1,026.75	+7.12
Bangkok SET	1,300	1,390.42	1,376.35	+1.02
Seoul Composite Index	800	862.18	848.83	+1.56
Taipei Stock Market Index	5,000	5,618.99	5,645.71	-0.47
Manila PSE	2,700	2,780.73	2,788.95	-0.85
Jakarta Composite Index	4,000	4,760.00	4,744.68	+0.33
Wellington NZSE-40	2,100	2,135.90	2,137.00	-0.05
Bombay Sensitive Index	3,200	3,216.46	3,228.46	-0.40

Very briefly:

- Tokyo Electric Power Co.'s pretax profit jumped 31 percent, to 209 billion yen (\$2.4 billion), in the year to March as revenue rose 6 percent, to 5 trillion yen.
- Ajinomoto Co.'s group pretax earnings rose 16 percent, to 27.2 billion yen, in the year as sales rose 8 percent, to 726 billion yen.
- Japan Tobacco Inc. posted first-half profit of 115.3 billion yen, up nearly 9 percent from a year earlier, as a cut in production costs offset a drop in sales.
- Kokusai Denshin Denwa Co.'s group pretax profit rose 5 percent, to 29.7 billion yen, in the year to March as the overseas telecommunication carrier's revenue rose 13 percent, to 293 billion yen.
- Krung Thai Bank, Thailand's second-largest bank, entered the insurance business by buying a 40 percent stake in E.T.B. Insurance Co. for 719.2 million baht (\$29 million).
- Evergreen Marine Corp. plans to issue \$100 million of global depositary receipts and will use the proceeds for foreign investment. The company also plans to buy 10 container vessels.
- China's central bank will conduct spot checks of all 20 foreign-funded financial institutions in China to ensure the banks are following Chinese laws, the China Securities newspaper said.
- Rothmans Holdings Ltd.'s pretax profit fell to 121.6 million Australian dollars (\$87 million) in the year to March 31, from 132.3 million dollars the previous year, as a tobacco industry price war and higher cigarette taxes cut into margins.
- Broken Hill Proprietary Co. will spend 93 million dollars to increase production of steel slabs at its Port Kembla steel works by 400,000 metric tons, or 8 percent.
- Pohang Iron & Steel Co. plans to spend \$2.6 billion to build a furnace that will raise its annual production capacity to 28 million metric tons of steel from about 25 million tons.
- Magnolia Nestlé Corp., a joint venture of Nestlé SA of Switzerland and the Philippine food conglomerate San Miguel Corp., plans to spend 400 million pesos (\$15 million) this year to upgrade a plant in Manila and acquire new technology.

AFP, Knight-Ridder, Bloomberg, Reuters

Shanghai Suspends Bond-Trade Order

Compiled by Our Staff From Dispatches

SHANGHAI — The Shanghai Securities Exchange suspended an order to Treasury bond futures traders to unwind their positions after encountering computer glitches and resistance from traders, an exchange official said Thursday.

China banned bond futures trading last week in a bid to stop speculation in the market. Bond traders were then ordered to unwind their positions by the end of the month.

Market sources said traders were able to liquidate positions Monday on a negotiated-price basis. On Tuesday, the offsetting was taken over by computer and based on a limit of two yuan (24 cents) either side of the May 17 closing price. But the computer was unable to cope with the volume of trades, market sources said.

Exchange officials met with about 30 members Wednesday to discuss the best way to complete settlement, according to local media reports. But no solution has yet been reached, traders said.

China's market regulators would not comment on the trading halt, the second suspension of trading this year that was linked to members' violations of regulations.

Officials also declined to talk about the small investment company from northeastern China, Liaoning International, that allegedly played a part in both trading suspensions.

Brokers in Shanghai said Liaoning had been exposed to huge losses by the order to settle all outstanding contracts. A Shanghai broker familiar with Liaoning's business, who spoke on condition of anonymity, said Liaoning had a registered capital of 180 million yuan (\$21.7 million) but now stands exposed to a loss of about 2 billion yuan.

Liaoning also was said to be involved in the Feb. 23 bond trading scandal that almost

bankrupted Shanghai International Securities Co., China's largest brokerage concern. David Wei, an executive managing director at Shanghai International, said he did not know about specific trades conducted by the company on behalf of Liaoning.

The chairman and president of Shanghai International both resigned after the company incurred trading losses that it was able to survive only with a \$60 million state bailout. (AFP, Bloomberg)

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May 24, 1995

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SPORTS

Flyers Make It 3-0; Devils Down Penguins

By Joe Lapointe
New York Times Service

NEW YORK — Aging, weary and overmatched, the New York Rangers have one more realistic goal before they surrender their defense of the Stanley Cup. They can try to avoid being swept by the bigger, younger, hungrier Philadelphia Flyers, who appear to be on their way to bigger and better things.

The Flyers took a 3-0 lead in the best-of-seven Eastern Conference semifinal

NHL PLAYOFFS

by giving the Rangers a convincing 5-2 whipping Wednesday night in Madison Square Garden.

After winning twice in overtime in Philadelphia, the Flyers had their easiest outing yet, making the outcome obvious at the midway point of the game and skating through the rest of the evening as if it were a practice scrimmage.

"When this series started," said Eric Lindros, the Flyers' young captain, "by no means did I think we'd be up in the position we're in. We're grateful for it."

Kevin Dineen scored twice for Philadelphia. Mikael Renberg, Rod Brind'Amour and Kevin Haller got the others, the final goal a shorthanded effort late in the second period that eliminated any hope for a home team comeback.

The Flyers took advantage of Ranger mistakes and penalties to surge to a 4-0 lead and drive Mike Richter from the net during the second period.

The two first-period goals were the result of misplays by Jeff Beukeboom, the Rangers' big veteran defenseman.

On the first one, at 2:54, he turned the puck over to Dineen with a pass up the middle. Dineen took it at the New York blue line and blasted in a slap shot from the top of the right-wing circle.

The Flyers went up by 2-0 at 18:44 when Beukeboom got trapped up ice, near the Philadelphia bench, while checking Lindros and bending him over the wall. The Flyers sprung down the ice for a two-on-one break. John LeClair cruised in, pulled Richter toward him and sent the puck gently across the slot, where Renberg took it and put it into the vacant side of the net.

Devils 5, Penguins 1: Linemates Bobby Holik and Randy McKay scored in New Jersey's three-goal second period that gave the home team a 3-1 lead in that best-of-7 Eastern semifinal. The Associated Press reported.

The Devils outshot the Penguins, 17-3, in a scoreless first period, then beat the goaltender, Ken Wregget, three times in the middle period to take control.

John MacLean, Claude Lemieux and Scott Niedermayer also scored as New Jersey took 45 shots at Wregget, who is 6-2 in the playoffs, faced only 22 shots, giving up a second-period goal to Ron Francis.

MacLean opened the scoring 58 seconds into the second period when he alone in front. Neal Broten set up the goal by pushing defenseman Larry Murphy to the ice as he was coming out from behind the net and feeding MacLean in front.

Another Penguins' turnover led to a 3-on-2 break a little more than three minutes later, and Holik beat Wregget be-



Rod Brind'Amour (center) and Rob DiMaio buried Mike Richter in his net as the Flyers all but buried the defending champions with a 5-2 rout.

between the pads after a nice give-and-go passing play with McKay.

After Francis scored, McKay made two big plays to restore the two-goal margin with 2:12 left in the period. He forced Tomas Sandstrom to give up the puck behind his goal line, then skated hard from the corner to put in the re-

bound of Mike Peluso's deflection off a pass from Holik.

Lemieux got his fourth goal of the series and sixth of the playoffs by converting a 2-on-1 with Stephane Richer with 3:43 to go. Niedermayer scored with New Jersey enjoying a two-man advantage with 1:09 left.

Records Galore Liven the AL, Except for a 7-Hour Twin Bill

The Associated Press

It was a big day for big numbers in the American League: 300 saves, 8 RBIs, 32 walks and 7 hours, 39 minutes.

Dennis Eckersley became the sixth reliever in major league history to record 300 saves when he pitched the ninth inning of Oakland's victory over Baltimore on Wednesday night.

Mike Blowers more than doubled his RBI total for the season by driving in a major league season-high eight runs in Seattle's 15-6 rout of Boston.

Earlier in the day, Texas and Chicago shattered by 49 minutes the major league record for longest 18-inning doubleheader, which they split in Comiskey Park.

The doubleheader, which ended in the presence of a few hundred fans — who all got two free tickets to a future game for staying on — also tied a league record with 32 walks, a mark established in 1954 and matched in 1962.

Blowers had seven RBIs in 51 at-bats going into the game in Seattle. Then he hit a three-run double in the fourth, a three-run triple in the fifth and a two-run homer in the seventh to match the club record set by Alvin Davis against Toronto on May 9, 1986.

Blowers, who also doubled without driving in a run, also set a club record with his four extra-base hits in one game.

"We're going to let him play every day," the manager, Lou Piniella, said of his formerly struggling third baseman. "I hope he doesn't struggle. I don't think he will. He's relaxed now. I think this will get him started."

Athletics 5, Orioles 3: Eckersley tied Bruce Sutter for fifth place in saves behind Lee Smith (445), Jeff Reardon (367), Rolie Fingers (341) and Rich Gossage (310).

Geronimo Berroa's two-run single in the eighth broke a 3-3 tie, giving Eckersley the opportunity. The hit also made a winner of Jim Corsi for the first time since 1992.

Terry Steinbach had tied the score in the seventh with a two-

AL ROUNDUP

run homer off Mike Mussina, who took a three-hitter into the inning.

Angels 3, Yankees 1: New York's Jack McDowell pitched a no-hitter through seven innings, but California then struck for three runs and four hits in the bottom of the eighth.

McDowell held the Angels hitless until Chili Davis hit a hard grounder that second baseman Pat Kelly grabbed on a dive for the ball. But his hurried throw to McDowell covering at first went into the dirt and pulled the pitcher off the base as Davis slid in with a hit.

After a sacrifice, Greg Myers doubled off the left-center fence, scoring Davis with the tying run. Spike Owen followed with an RBI single to center, then went to third on a throwing error. He scored on a two-out single by Gary DiSarcina.

That gave the Angels their sixth consecutive victory, with Smith pitching the ninth for his 11th save in 11 opportunities.

White Sox 10, Rangers 8: Rangers 13, White Sox 6: Benji Gil capped a seven-run third with a three-run homer that en-

abled Texas to salvage a split in Chicago.

The White Sox took the opener by scoring five runs in the bottom of the eighth, with John Kruk, in his Chicago debut, forcing in the go-ahead run with a bases-loaded walk.

The twin bill surpassed the time of 6 hours, 50 minutes by Detroit and Kansas City on July 23, 1961.

Chicago pitchers walked eight in the 3 hour and 38 minute game, and nine in the opener, which took 4:01. Texas gave up 15 walks in the doubleheader. There were also eight wild pitches in the two games.

Tigers 14, Twins 3: Travis Fryman ended a 1-for-15 slump with four hits, one a homer, and Bobby Higginson had three RBIs as host Detroit, with a season-high 18 hits, won its fifth straight.

Royals 8, Blue Jays 5: Jon Nunnally tripled in the go-ahead run in the fifth, then stole home, while Wally Joyner and Gary Gaetti homered during Kansas City's victory in Toronto.

Nunnally, having tripled to make it 3-2, was caught between two home runs when Tom Goodwin missed an attempted suicide bunt. But Nunnally managed to sidestep catcher Lance Parrish and score.

Brewers 7, Indians 5: Matt Mieske doubled in one run in the fourth and two scored on three wild pitches by Jason Grimsley as visiting Milwaukee, with seven runs that timing beat Cleveland to give former replacement pitcher Ron Rignhousen his first big-league victory.

Newest Expo Edges the Padres

The Associated Press

It was not just the size of his salary that inspired the Montreal Expos to acquire Henry Rodriguez.

In his first game since being acquired the day before from the Los Angeles Dodgers, Rodriguez hit a two-run homer in the bottom of the eighth inning Wednesday night to beat the San Diego Padres, 3-2.

"Our main concern was to get a first baseman. The salary was secondary," the Expos' general manager, Kevin Malone, said before the game.

Malone was in a bit of a buff that the trade of Roberto Kelly and Jeff Eischen for Rodriguez and Joey Treadway had been portrayed as another chapter in Montreal's salary dumping.

The net reduction of \$600,000 in payroll from the Rodriguez-Kelly trade was an added benefit, Malone said, but not the primary reason the deal was made.

Rodriguez came to the plate with two outs in the eighth and Montreal trailing 2-1. He was the first batter to face reliever

Andres Berumen, and hit an 0-1 pitch over the wall in left.

The victory was Montreal's 15th straight over the Padres and ruined a great outing by San Diego starter Joey Hamilton, who retired 17 in a row before tiring in the eighth.

Reds 4, Astros 2: Cincinnati, playing at home, swept the three games against Houston as

NL ROUNDUP

Hal Morris, starting for the first time since he pulled a hamstring May 14, emerged from a 0-for-15 slump with a 4-for-4 night that included a two-run homer.

Phillies 2, Giants 1: Greg Jeffries drove in Dave Gallagher from third with a slow bouncer in the eighth and Philadelphia beat visiting San Francisco.

Gallagher, battling leadoff in place of the injured Len Dykstra, went 3 for 3. He got to third in the eighth when Giants starter Trevor Wilson overthrew second base on a sacrifice bunt.

Braves 9, Cardinals 5: Tom Glavine allowed four runs in the first — he has allowed 13 runs in that inning this season — but later retired 18 hitters in a row in St. Louis as Atlanta won its sixth in a row.

The Braves also scored four times in the first, then took the lead for good in the second. The Cardinals have lost seven of nine.

Dodgers 5, Mets 0: Pedro Astacio pitched a six-hitter and Tim Lincecum went 3 for 3 as Los Angeles won in New York.

Astacio ended a streak of 13 straight starts without a victory. Wallach, playing just his fourth game of the season, homered, doubled and singled. He has gone 6 for 7 in two games against the Mets to raise his average from .411 to .437.

Cubs 5, Rockies 3: Shawn Dunston raced home with the go-ahead run on second baseman Roberto Mejia's throwing error in the ninth and Chicago won in Denver.

The Cubs completed their western road trip with a 7-2 record.

SCOREBOARD

Major League Standings

AMERICAN LEAGUE			
Team	W	L	Pct.
Boston	15	9	.625
New York	12	11	.522
Detroit	13	10	.565
Toronto	11	12	.479
Baltimore	10	14	.417
Central Division			
Cleveland	16	8	.667
Minnesota	11	13	.458
Kansas City	11	14	.438
Chicago	9	15	.375
Seattle	12	12	.500
West Division			
California	17	9	.654
Oakland	12	12	.500
Los Angeles	11	13	.458
Texas	14	13	.519
NATIONAL LEAGUE			
Team	W	L	Pct.
Philadelphia	19	4	.826
Atlanta	16	10	.615
Montreal	15	12	.556
New York	10	16	.385
Florida	6	16	.269
Central Division			
Chicago	16	8	.667
Cincinnati	14	11	.558
Houston	12	13	.480
St. Louis	11	14	.440
Pittsburgh	9	15	.375
West Division			
Colorado	15	12	.556
San Francisco	12	15	.444
Los Angeles	14	14	.500
San Diego	11	15	.423

Wednesday's Line Scores

AMERICAN LEAGUE				
Texas	621	531	016-	0 12 2
Chicago	621	280	032-	10 10 0
(Game 1)				
Ks. Grass, Burrows (4), Vassberg (2), McDowell (8) and I. Rodriguez; Alvarez, DeLeon (5), Oltibe (1), Radinsky (1), R. Hernandez (6) and Lavalliere, Karvonec (7), W-Radinsky, T. L. Burrows-1, Sw-R. Hernandez-1, H.Rs-Texas, Palmer (4), I. Rodriguez (11), Chicago-Raises (5)				
Chicago	107	653	006-12	13 8
Chicago	053	120	001-	6 15 1
(Game 3)				
Pavlik, Oliver (5), McDowell (8) and I. Rodriguez; Yelle (5), A. Fuzardner, Runklin (3),				

CUP: An Upset for South Africa

Continued from Page 1

then they never would have won this time. Lined up, a right hand over each heart, they sang the first verse of the new South African anthem, which is really two songs sharing the same mood.

The first verse came from Nkosi Sikeleli Afrika (God Bless Africa), in a tongue once as foreign as Finnish, and they belted it out. The second verse came from "Die Stem," the old Afrikaner anthem. No doubt President Mandela sang both verses as well.

That would have been fine; nothing more would have been expected for the players themselves were still thought to be suffering from the isolation of their country's making. They had been set back two decades. Australia, the 1991 world champion, had smothered them three times in the last three years.

This time, 32 minutes into the public unveiling of the new South Africa, the Australians had moved ahead, by 13-9, on a try by their captain, Michael Lynagh. They weren't playing their best but it seemed more than good enough.

"When we were down by that margin it was difficult to lift ourselves back up," said the South African captain, Francois Pienaar. But then, within five minutes or out of nowhere, the ball was swung to the

left wing, where Pieter Hendricks ran for the go-ahead try through a tackle by David Campese, who had become the world's most famous player while South Africa was away. Hendricks had been a recent addition to his squad; he replaced its lone black man, the injured Chester Williams.

At the five-minute break it was 14-13, and South Africa stole the kickoff opening the second half. The next 28 minutes were played almost entirely in Australia's half. Joel Stransky kicked the last of his four penalties for South Africa and added a drop-goal in a display superior to that of Lynagh, the world Test points-scoring leader. In the 63d minute, Stransky raced up the middle for a try and added the conversion to make it 27-13.

The Australians, despite their enormous tactical advantage in the lineout, were being outplayed in the scrum and the ruck, where the strong heart tells. The pressures of their debut, the uncertainties left by isolation and the demands of the moment had somehow become South African strengths.

The victory assures them the easiest route to the June 24 final in Johannesburg. In one day they went from former scourge to the likely world champion.

"I've never heard a stadium like this one today," Pienaar said. "I wouldn't like to say that President Mandela's visit was the most important event, but to see the way the guys reacted to him? If we can persevere like he did then we'll be a great side."

The scoring:

SOUTH AFRICA 27: Try — Pieter Hendricks (27th); Joel Stransky (63); conversions — Stransky (40); penalties — Stransky (5, 25, 43); drop goals — Stransky (14).
AUSTRALIA 13: Try — Michael Lynagh (23); Phil Kearns (78); conversions — Lynagh (23); penalties — Lynagh (3, 17).



Michael Lynagh got Australia's first 13 points, but they weren't enough.

Rockets Make Themselves At Home, Beat Spurs Again

By Richard Justice
Washington Post Service

SAN ANTONIO — The Houston Rockets weren't even supposed to be here, not playing the team with the National Basketball Association's best regular season record. Not pushing Dennis Rodman out of the headlines.

And certainly not winning. But the Rockets continued a spectacular and strange run through the playoffs Wednesday night by delivering a second consecutive body blow to the San Antonio Spurs with a 106-96 victory.

NBA PLAYOFFS

Having won a second straight on the Spurs' home court, the Rockets have a 2-0 lead in the best-of-seven Western Conference final, with Games 3 and 4 this weekend in Houston, just a scenic, 190-mile waltz across south Texas.

The Rockets woo because center Hakeem Olajuwon was virtually unstoppable with 41 points and 16 rebounds. He scored 31 of his points in the second half and torched a long list of Spurs, including this season's most valuable player, David Robinson.

"He was awesome," Robinson said. "I don't think I was playing bad defense, but he was in a zone."

Guard Clyde Drexler added 23 points for the Rockets, and forward Robert Horry made five 3-point shots on his way to 21 points. When they were done, they dismantled a San Antonio team that, after winning 62 times in the regular season, is struggling to find itself. The Spurs have lost two in a row for just the sixth time all season, and are faced with dropping three straight for the first time, as well as dropping out of the playoffs.

"Every single game, it seems like someone else steps up," said Houston's coach, Rudy Tomjanovich. "Hakeem is great. Horry was phenomenal. We just can't relax."

Robinson overcame a slow start to score 32 points, but he got little help. Swingman Sean Elliott made 4 of 12 shots and scored 12 points. Point guard Avery Johnson injured his ankle early and was replaced by Doc Rivers, who finished with 16 points.

And Rodman? After bowing out of a team huddle late in Game 1, he played only 17 minutes. He played all of the first quarter, but after that was in for only a couple of short stretches.

He was 2 for 6, scored four points and had eight rebounds. He watched most of the second half sitting on the floor, snacking, and when the game ended, he remained there until being ushered away by a team public relations assistant. Rodman refused to comment.



Hakeem Olajuwon's dream game: 41 points, 16 rebounds.

after the game. The Spurs' coach, Bob Hill, emphasized that Rodman's limited playing time wasn't meant as punishment. Hill said he was forced to go to a smaller lineup in his search for a combination that would work, but becooming the NBA's leading rebounder seemed strange.

"I'm telling you, it was a coaching decision that worked and it was nothing other than that," Hill said. "I have nothing at all against Dennis Rodman. If it gets blown into something more, we'll handle it. I had to change the lineup and it worked and got us back in the game."

Others weren't so sure. "I don't know why Dennis sat so long," Robinson said. "That's a coaching decision and we have to live with it."

Asked if Rodman had been a distraction, Robinson said: "Not at all. I thought the attitude was good. I thought we were going to come in and take care of business. We have not played the way we can, and if we don't soon, we won't be playing much longer. We're not relaxed. We're not moving the ball around. It's a great test. You don't deserve to be a championship team if you can't fight back."

The Rockets, the defending NBA champions, are two victories away from returning to the final. They've done it with an odd season. They had the sixth-best record in the Western Conference, then fell behind Utah, 2-1, in a best-of-five series before winning. They fell behind Phoenix, 3-1, in a best-of-seven series before winning. Now, they have got ahead start.

They opened up a 15-point lead in the second half, but the Spurs rallied to take an 82-80 half with 7:45 left. That's when Olajuwon took over, scoring on a dunk, scoring on a fadeaway, scoring from wherever he wanted.

The Spurs tried Robinson against him. They had tried Rodman for a spell in the first half. They tried forward Terry Cummings and were embarrassed out of it. When the Spurs finally double- and triple-teamed Olajuwon down the stretch, he flipped the ball out-side and Horry made a pair of 3-points.

"Horry was the key," Rivers said. "He stepped up and hit a couple of three-pointers at the beginning, and it kind of threw a hitch into our game plan. When they're shooting 3s like that and Olajuwon gets in that zone, you've got trouble."

Drexler scored 10 points and Horry nine in the second quarter. Olajuwon stepped it up in the third with 19. And numerous Rockets made big plays in the fourth as the Spurs struggled to find one consistent weapon.

"They feel good about themselves," Robinson said. "They're relaxed and shooting the ball well, and that's the difference."

For investment information Read the MONEY REPORT every Saturday in the IHT

SIDELINES

200,000 in Amsterdam Celebrate Cup Victory

AMSTERDAM (Reuters) — About 200,000 people celebrated Thursday on the city's main square as Ajax Amsterdam brought home the European Cup trophy after a 1-0 victory over AC Milan.

Police said the crowd broke all records in Amsterdam, whose 700,000 citizens were off work for Amsterdam Day. Dozens of police formed a single line and others sprayed water from hoses on the crowd, many of whom were missing hangovers from the previous night before that followed young striker Patrick Kluivert's goal in the 85th minute.

Everton Player Ferguson Sentenced to Jail Term

GLASGOW (AP) — Everton striker Duncan Ferguson, found guilty as a two-day trial earlier this month of butting Raith Rovers defender John McStay in the face during a 1994 Scottish Premier Division game, was sentenced Thursday to three months in jail.

Ferguson, 23, who played for Glasgow Rangers at the time, was freed on bail pending an appeal.

For the Record

Age of Russia, the yacht that was to have been the symbol of a new Russia but never made it to the water at the 1992 America's Cup, was bought for \$25,000 in San Diego by a Canadian sailboat broker using a credit card.

Hark! It's Creeping In on Feathered Feet

By Christopher Clarey
Special to the Herald Tribune

LAUSANNE, Switzerland — Can 190 million Indonesians be wrong?

The issue is badminton, an activity that evokes visions of garden parties, straw boaters and lazy Sundays in much of the Western world.

Perhaps it's time for the West to wake up and smell the java. Badminton is a major indoor sport in Southeast and East Asia, as well as more northerly Denmark. It is major not only because the Asians and Danes can beat the shorts off everyone else but because it is accessible, physically and technically demanding and, most surprising to the uninitiated, spectacular.

Anyone who thinks badminton is for sissies has not seen China's nautical Ge Cheng leap roofward, growl and send a shuttlecock with its 16 carefully chosen goose feathers screaming across the net. Nor have the naysayers seen Ge's opponent deftly flick the projectile back with a swift twist of the wrist that makes tennis look as if it is played in slow motion.

"I always maintain that top-level badminton makes top tennis players look pretty wimpy," said the International Badminton Federation's executive director, David Shaw, visibly relishing any opportunity to tweak the nose of the neighborhood bully.

Tennis is indeed the 900-

pound gorilla of racket sports. It makes quick millionaires of its top players who, thanks to television and advertising, remain among the world's most visible sporting figures. In contrast, badminton stars like Susi Susanti of Indonesia, the remarkably supple 1992 women's Olympic champion, earn no more than about \$60,000 in prize money annually on the 21-stop Grand Prix circuit (although

and parents videotape early-round matches because on television cameras are in place to do it for them).

Will it remain so? Or will Asia's burgeoning affluence do for badminton in the 21st century what the West's affluence did for tennis in the 20th?

There are signs of change. Last June, the IBF signed a 10-year deal with Star Television, the Asian satellite broadcaster

House. But though the balance of power tipped long ago to former European colonies (the Dutch brought it to Indonesia), surveys indicate that about 5 million Britons still play at least once a year. In Germany, a key market, indoor tennis clubs are converting some of their courts to badminton. This is partly because four badminton courts fit inside one tennis court, so 16 people instead of four can play. And buy something to drink afterward.

Catching up to the Asians will be no mean feat. Indonesia, the world's fourth most populous nation, has 37 regional training centers and a vast pool of talent, including a 15-year-old female phenom named Mia Audina. China, the world's most populous nation, was dominant in the '80s and has come roaring back with a gifted new generation of players.

"Europe must be the next step for our sport," said Danish star Poul-Erik Hoyer-Larsen, the world's No. 4 player. "I think it will be difficult to make it grow in America with its established market. But we need to get more TV exposure in Europe so that people get to know the players. Developing personalities is most important in making a sport popular. People need to identify with athletes. That's why tennis is so big."

Tennis is certain to remain bigger for many years to come, but for those Western tennis buffs willing to trade ball for birdie, here are a few things to remember about badminton to help you get off to a flying start.

1) You can shake hands after a match by reaching over or under the net.
2) Badminton skirts do not exist; only badminton shorts.
3) There are no shuttle boys or shuttle girls; you pick up your own.
4) Nobody will make light of you for serving underhanded; it's required.

Badminton, a major indoor sport in Southeast and East Asia (and Denmark) is looking westward for fame and fortune.

they get considerably more from sponsors) and turn hardly a head outside Asia or Copenhagen.

"We are fighting for our commercial lives with a number of sports," Shaw admitted.

This week, as hundreds of reporters descend on Paris and prepare to chronicle every last grunt and groundstroke at the French Open, there is plenty of sitting and writing room in Lausanne at the World Badminton Championships. The biennial tournament offers no prize money and few security hassles.

In Jakarta, a major event like this might draw rambunctious crowds of 20,000. In Lausanne, chosen as host in hopes of promoting the sport in Europe, players mix easily with the few spectators; bodyguards are nowhere to be seen and coaches

owned by Rupert Murdoch. The agreement will mean increased exposure throughout Asia and as much as \$20 million more for the game: pocket money for the world's major team sports but a healthy windfall for badminton. Getting more TV exposure in Europe or North America will be much trickier, but badminton's debut as an Olympic sport in 1992 clearly has boosted interest, if not revenue, internationally.

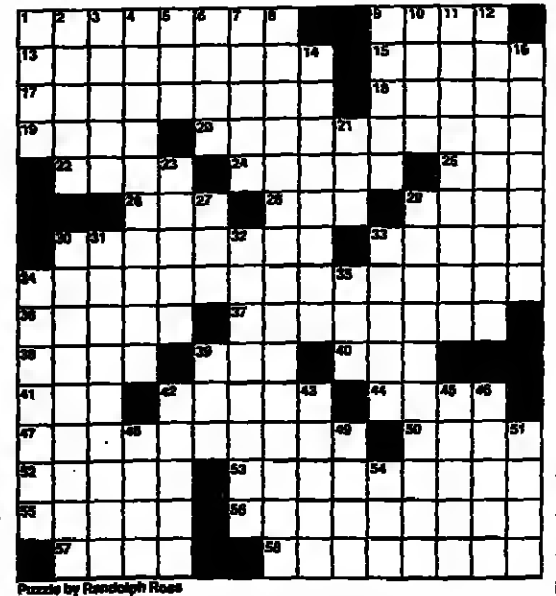
"We see badminton as a growth sport worldwide, and we think it is the only racket sport experiencing growth," said Steve Davis, research and development director for Prince, the sporting goods manufacturer.

The game was developed in England in the 1860s by daughters of the Duke of Beaufort at his country seat, Badminton

CROSSWORD

ACROSS
1 1990 U.S. Open tennis winner
3 Start of dirty pool?

13 Wipe out
14 Guitarist Eddie Van
17 Broker
18 Snow ring



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Solution to Puzzle of May 25

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OBSERVER

Presidential Security

By Russell Baker

NEW YORK — "Pennsylvania Avenue has been routinely open to traffic for the entire history of our republic. Through four presidential assassinations and eight unsuccessful attempts on the lives of presidents, it's been open; through a Civil War, two world wars and the Gulf War, it was open. And now, it must be closed."

President Clinton, announcing a responsible security step necessary to preserve our freedom, to wit, closing Pennsylvania Avenue to motor traffic.

The thing about keeping them underground was they looked so awful when you brought them up. Pale as a slug's belly. Also they had that underground smell on them. You know, Musty.

Fitts said to me, look here, election time was coming. The polls were bad enough without having to run a pale president. And that musty smell could lose them California, which was never going to vote for a man who smelled as if he had moss growing on him.

What did Fitts want done about it? Easy: We had to find a better way to provide presidential security without sticking them down these abandoned mines.

"Get 'em up in the open so they can tan up a little and shed that funny smell," Fitts said. Never mind that the country's spent hundreds of millions securing its chief executives by building all those White House offices in all those abandoned mines where the nasties can't get a crack at them. No sir. All your politicians can do is complain about prison palor and losing California because of mossy smell.

Well, my business is security, not winning. That's when we closed down all of Wash-

ington, including suburbs as far as the Beltway.

All the politicians could see was, it would inconvenience a lot of voters, not to mention messing up the real-estate market.

Then of course the president started whining. Felt lonely, he said. With everybody else 10 miles out of town, he never saw anybody. Town quiet as a tomb, he said. Giving him the creeps.

Fitts said the president was so secure from atomic assassination that he might commit suicide. We had to do something that would put him back in touch with the living.

That's when we went to multi-president security: A whole batch of presidential look-alikes were given all the presidential perks — limos, bodyguards, jet planes, self-important advisers, big press-corps retinues, the whole works — and all these full-scale presidential circuses, including the real president's, would be constantly in transit.

This gave himself plenty of human contact with the country while also keeping him out of Washington.

A beautiful security idea, but of course the polls whined. Every traveling president is an 8,000-ton gorilla. Once the novelty of constant presidential visits wore off for people who'd never seen a president before, politicians complained the country was being paralyzed with presidents. "Get these b-o-z-o-s off the road," said Fitts.

That's why we moved them into abandoned mines. At the peak we had 37 presidential look-alikes plus the real thing stowed underground. Talk about spoiling a terrorist's day!

After Fitts complained again we had to put them in orbiting space vehicles. They still look pale at campaign time, but security is practically perfect, and the musty smell is all gone.

New York Times Service

Harmony Korine: A Parent's Nightmare

By Joan Dupont

International Herald Tribune

ANNES — Harmony Korine, who wrote the screenplay for Larry Clark's "Kids," is at the film festival for the first time, and he is not impressed. "People ask dumb questions," he says. "They want to know why I wear a tie. I wear a tie because I think it's cool. I wore one at my bar mitzvah."

Korine, 20, speaks in a headlong rush, with a tremor, as if he were about

CANNES FILM FESTIVAL

to break into a joke or a sob; his wan, inquisitive face makes him look more like a science whiz with formulas budding from his ears than the bad boy whose lines have Miramax reshuffling its deal with Disney.

"Kids" is a parent's nightmare. The teenagers in the movie talk sex and drugs nonstop; the main character seduces virgins; a girl that he dated and cast off, learns that she has caught AIDS from him.

"A film on social problems about a bunch of cretins" is how Le Monde's critic described the film. And critics here responded as though Korine's characters were playing themselves in a documentary.

"But they are acting, and this is just a movie," Korine says. "What you see on the screen is my script, and that guy is not my hero. I make moral distinctions between the characters, each has his own moral agenda."

A high school dropout, the screenwriter says he has been on his own since his teens. He has maverick tastes and objects to the idea that he is speaking for his generation. "To be honest, my love and my lust are totally different from those kids. But I think that people will be able to identify with them, and there is a message. I just don't want to batter you over the head with it."

The boys and girls in the film, age 12 through 19, are a racial mix. "That's New York City today," he says.

Korine describes his growing up as working in a carnival, feeding the goldfish and living in his grandmother's basement.

He was also reading — Laurence Sterne, Walter Benjamin, S.J. Perelman



Harmony Korine (right) with director Larry Clark at the festival.

and Paul Bowles — and seeing movies.

"The movie house was a temple of sorts," he says. "I'd sneak in and sit for days. I became a consumptive, seeing movies three or four times a day."

Every experience led to another. Godard's films got him to Nicholas Ray and Howard Hawks — and he prefers political Godard, "even the Marxist stuff — my parents were Marxists."

He was skateboarding in Washington Square Park when he met Larry Clark, the author of a book of photos called "Teenage Lust."

"Larry has intuition, his books are cinematic," Korine says. "I asked if he wanted to see a short film of mine. Then he called back and asked if I wanted to write a movie about my friends. It took a couple of weeks. I had never written anything before, only on scraps of paper, notes to myself that I'd hide and find months later. Do you think that's cool? I like writing jokes too, I'm a fan of Milton Berle — he

owns all of Western humor."

What you don't see in "Kids" is what scares people, Korine insists. "You don't even really see any naked body. It's like pages missing in a novel — the kind of novel I want to write. There's something missing that makes it intriguing, like playing tennis without the ball."

He has been told that there's no love in his script. "But I think there's a great deal of love, it just doesn't come from the family. The kids get it from each other. When you're not cared for at home, when no one gives you any guidance or solace, kids run away."

Born in Bolinas, California, Korine says he spent part of his childhood in Nashville, Tennessee, then in New York, where he lived in his grandmother's basement.

"I didn't want to live with my parents," he says. "I love my parents, but I don't know where they are, sometimes they live in different places."

PEOPLE

Liechtenstein Throne Acquires a New Heir

Liechtenstein has a new heir to the throne, the royal family has announced. The first child of Prince Alois, the crown prince, and Princess Sophie was born Wednesday in London. The boy, to be baptized Josef Wenzel Maximilian Maria, is in line after his father to succeed his grandfather, Hans Adam II, as monarch.

Who'd have thought the gossip columnist could be so wrong? Michael Jackson and his spouse, Lisa Marie (nee Presley), have actually been married for a whole year. Just think: The marriage has even lasted longer than it took to choose jurors for the O.J. trial. To mark the occasion, the Jackson Two will submit to a TV interview with Diane Sawyer.

Heidi Fleiss, the so-called Hollywood Madam, is headed for prison. Fleiss, 29, got the minimum three-year sentence for pandering. She was released on bail pending appeal. . . . Joey Buttafuoco, of the "Long Island Lolita" case, has been busted for soliciting sex with an undercover policeman in Hollywood. His wife, Mary Jo, who snuck with him even after she was shot by his lover, Amy Fisher, said of his latest caper: "It was a setup. Joey is a target."

Newt Gingrich's mom, for one, wasn't sorry to see Connie Chung lose her job at CBS News. A couple of months ago, Kathleen Gingrich, after being assured that she was speaking in confidence, whispered to Chung that the new House speaker thinks Hillary Rodham Clinton is a "bitch" — a remark promptly disclosed by Chung. Mrs. Gingrich said of the former anchor: "I wouldn't mind if I never saw her again on TV."

WEATHER

Forecast for Saturday through Monday, as provided by Accu-Weather.



North America

The holiday weekend will start dry in the Northeast, but there will be an increasing threat of showers by Monday. A few showers may dampen northern France and Germany. South, Portugal and Italy will be dry and warm. Showers will arrive in Scandinavia to quench the recent spell of warm weather.

Europe

Windy, showery weather is slated for London, Dublin and Glasgow with a cooling trend. A few showers may dampen northern France and Germany. South, Portugal and Italy will be dry and warm. Showers will arrive in Scandinavia to quench the recent spell of warm weather.

Asia

Tokyo and Osaka will be mainly dry and warm most of the weekend, but showers and thunderstorms are likely Monday. These showers will first move through Seoul and Fusan on Sunday. Shanghai will start the weekend damp, then turn dry. Warm, humid weather will prevail in Hong Kong and Singapore.

Latin America

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Africa

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Oceania

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LEISURE DESTINATIONS

SATURDAY									
Location	Weather	High Temp. (°F)	Low Temp. (°F)	Water Temp. (°F)	Wave Height (feet)	Wind Speed (mph)	Wind Direction	Clouds	Notes
Europe and Middle East									
London	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Paris	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Rome	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Madrid	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Amsterdam	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Brussels	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Frankfurt	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Geneva	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Zurich	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Basel	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
St. Gallen	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Lucerne	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Appenzel A.O.	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Appenzel A.U.	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Uri	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Schaffhausen	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Soleure	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Thurgau	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Tessin	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Vaud	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Valais	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Neuchâtel	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Geneve	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Lausanne	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Yverdon	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Nyon	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Vevey	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Montreux	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
St. Moritz	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Chamonix	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Annecy	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
Geneve	partly sunny	58/77	45/57	52/58	0-1	NE 10-18			
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